

DOCKETED

Docket Number:	16-RPS-03
Project Title:	Amendments to Regulations Specifying Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities
TN #:	235817
Document Title:	Transcript of 11-5-2020 Lead Commissioner Workshop on Implementation of RPS Long-Term Procurement Requirement for POU's
Description:	N/A
Filer:	Gregory Chin
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	12/1/2020 10:24:58 AM
Docketed Date:	12/1/2020

CALIFORNIA ENERGY COMMISSION

In the matter of:

Proposed Implementation of	)	Docket No. 16-RPS-03
Renewables Portfolio Standards)		
Long-Term Procurement	)	
Requirements for Local	)	
Publicly Owned Electric	)	
Utilities	)	
_____	)	

LEAD COMMISSIONER WORKSHOP

REMOTE VIA ZOOM

THURSDAY, NOVEMBER 5, 2020

1:00 P.M.

Reported by:

Martha Nelson

APPEARANCES

COMMISSIONER

Karen Douglas, Lead Commissioner

CEC STAFF

Katharine Larson, Renewable Energy Division

Gina Barkalow, Renewable Energy Division

Elisabeth de Jong, Renewable Energy Division

Greg Chin, Renewable Energy Division

Natalie Lee, Renewable Energy Division

PUBLIC COMMENT

Justin Wynne, California Municipal Utilities Association

Mandip Samra, City of Pasadena Water and Power

Matt Freedman, The Utility Reform Network

Scott Tomashefsky, Northern California Power Agency

Steve Uhler

David Siao, Roseville Electric

James Takehara, City of Shasta Lake

Basil Wong, Silicon Valley Power

Randy Howard, Northern California Power Authority

Scott Hirashima, Los Angeles Department of Water and
Power

Charles Adams, Albion Power Company

AGENDA

	<u>Page</u>
Welcome and Opening Remarks	4
Background and Overview	9
Proposed Requirements for Long-Term Contracts	16
Proposed Reporting and Review of Long-Term Contracts	79
Additional Long-Term Contract Topics	96
Next Steps	112
Public Comment	113
Closing Remarks	117
Adjourn	118

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

P R O C E E D I N G S

1:02 P.M.

THURSDAY, NOVEMBER 5, 2020

MS. LARSON: Good afternoon. My name is Katharine Larson. I'm Staff in the Renewable Energy Division. Thank you all for attending this Lead Commissioner Workshop on Implementation of the RPS Long-Term Procurement Requirement for POU's.

I'm going to first go over some virtual housekeeping. And then I will turn to Commissioner Douglas for opening remarks.

So next slide please, Greg.

This workshop is being conducted entirely remotely via Zoom. This means that we are in separate locations and communicating only through electronic means. We're meeting in the fashion consistent with Executive Order N-25-20 and N-29-20, and the recommendations from the California Department of Public Health, to encourage physical distancing to slow the spread of COVID-19.

This meeting is being recorded, as well as transcribed, by a court reporter.

Everyone will be muted while I'm

1 presenting but we'll pause for comments at
2 certain junctures within and after the
3 presentation.

4 To participate in public comment, please
5 use the raise-hand feature in your Zoom
6 application. If you called in, you'll need to
7 dial star nine to raise your hand and star six to
8 un-mute yourself. We'll get these instructions
9 back up later in the presentation.

10 Please remember to stay muted until
11 you've been called on to speak. When you are
12 called on to speak, please start by stating and
13 spelling your full name and identifying your
14 affiliation for the court reporter. A chat
15 window is available for logistical issues during
16 the presentation.

17 In addition, if you're unable to make
18 your comment orally, you can type it into the
19 chat window and we'll read it aloud during the
20 comment session.

21 Written comments must be submitted by
22 Friday, November 13th. We appreciate comments
23 submitted early and encourage you to submit them
24 through our e-commenting system.

25 And now I will turn it to Commissioner

1 Douglas to kick us off.

2 COMMISSIONER DOUGLAS: All right. Well,
3 thank you, Katharine. And good afternoon and
4 welcome everybody. I'm Commissioner Karen
5 Douglas, the Energy Commission's Lead
6 Commissioner for Renewables.

7 I'm really pleased to have the
8 opportunity to engage with all of you as the
9 Commission updates the Renewables Portfolio
10 Standard Enforcement Regulations for Local
11 Publicly Owned Electric Utilities, which we
12 usually just call the RPS POU Regulations.

13 This workshop is being conducted, as
14 Katharine said, with remote attendance by all
15 through Zoom. And in prior workshops on these
16 regulations the presentations and discussions
17 covered a wide range of topics. As was explained
18 in this workshop notice, however, today's focus
19 is primarily on key elements of implementing the
20 RPS Long-Term Procedure Requirement, and the
21 process CEC Staff proposes to review and verify
22 that contracts meet the criteria to be considered
23 long-term, consistent with the RPS POU
24 Regulations.

25 Commission Staff issued a Key Topics

1 Guide on October 30th to help prime today's
2 discussion and, hopefully, to elicit meaningful
3 input that facilitates Staff's preparation of
4 express terms that can be circulated for public
5 comment and presented for possible CEC adoption
6 during a December 2020 business meeting. This
7 timing will allow us to have the regulations
8 approved by the Energy Commission by the end of
9 compliance period three which closes at the end
10 of 2020.

11 I'm looking forward to today's
12 discussion. And I really want to express
13 appreciation to those who have submitted written
14 comments in advance of today's workshop.

15 With that, I'll turn this back over to
16 Katharine. Thank you.

17 MS. LARSON: Great. Thank you so much,
18 Commissioner Douglas.

19 And one last housekeeping item that I
20 actually forgot to mention. So I'm being joined
21 today by Staff in the Renewable Energy Division,
22 as well, who will be helping out with the
23 workshop, so that's Gina Barkalow, who is the
24 Office Manager, and Greg Chin and Elisabeth de
25 Jong, who are our Staff. And so they may be

1 answering your questions or calling on you when
2 you make your comments.

3 We also are joined by our Chief Counsel's
4 Office, as well, Gabe Herrera and Nick Oliver.
5 And, of course, we have Natalie Lee, Deputy
6 Director of the Renewable Energy Division. And
7 Commissioner Douglas' advisors, Kourtney Vaccaro
8 and Eli Harland.

9 All right. Next slide please, Greg.

10 Great.

11 So today I'll begin with some brief
12 background information, including objectives,
13 schedule, and a summary of the implementation of
14 the long-term procurement requirements, or the
15 LTR, and the CEC's proposed express terms. Next,
16 I'll summarize Staff's updated proposal for long-
17 term contracts that are used for compliance with
18 the LTR, reporting and review of those long-term
19 contracts, and a few additional long-term
20 contracts topics.

21 Throughout the presentation, I'll pause
22 for comments on the specific topic that I've just
23 covered. Because we do have a lot of topics to
24 get through today, we ask that you keep your
25 initial comments on the topics to three minutes

1 or less.

2 I'll then summarize the immediate next
3 steps. And we'll have an opportunity for public
4 comment before closing the workshop.

5 Depending on how the time goes, it's
6 possible we may take a ten-minute break sometime
7 during the workshop.

8 And next slide please.

9 One of the CEC's responsibilities under
10 the RPS is to adopt enforcement procedures for
11 the POU RPS Program. The CEC has proposed
12 modifications to implement recent statutory
13 changes to implement the RPS POU requirements and
14 to make necessary clarifications to existing
15 regulatory provisions.

16 On May 8th, we initiated the formal
17 rulemaking process with the publication of the
18 Notice of Proposed Action, along with the 45-day
19 express terms and the Initial Statement of
20 Reasons. The CEC has issued two 15-day language
21 revisions to proposed express terms in response
22 to comments received.

23 In comments on the second 15-day language
24 that was issued on August 18th, multiple
25 stakeholders requested additional discussion and

1 opportunities for public input on the revisions
2 to requirements for long-term contracts that are
3 used for compliance with the LTR. Stakeholders
4 urged the CEC to postpone adopting the proposed
5 regulations until after an opportunity for
6 additional discussion. This workshop is one
7 effort to respond to that request. The workshop
8 was originally scheduled for October 13th but was
9 postponed twice, first, to create a more
10 effective structure for public input and, second,
11 to allow time for the CEC and the public to
12 consider related and substantive comments
13 docketed shortly before at the first anticipated
14 workshop date.

15 In response to the second 15-day language
16 and other public comments, Staff has developed an
17 updated proposal for implementing the LTR
18 requirements. And as Commissioner Douglas
19 mentioned, last Friday we posted a Key Topics
20 Guide describing the proposal, and illustrative -
21 - excuse me -- draft language to help
22 stakeholders prepare for the workshop. The draft
23 language is not formal express terms but is,
24 really, just designed to prompt discussion and
25 help guide comments.

1 Next slide please.

2 So our objectives for today's workshop
3 are, first, to clarify the intent and rationale
4 for the long-term contract requirements that were
5 proposed in the second 15-day language version of
6 the express terms, next, to present Staff's
7 updated proposal for long-term contract
8 requirements and the associated reporting and
9 review process, as well as clarifications on
10 additional LTR topics, and third, to seek public
11 input here and in the written comment periods to
12 help build the record for an additional round of
13 15-day language changes to the express terms.

14 The input that we receive will help
15 inform the development of additional 15-day
16 language and will be included as part of the
17 formal rulemaking record. In providing written
18 comments, we do strongly encourage you to address
19 the illustrative draft language, and to provide
20 suggestions for any proposed revisions to the
21 illustrative draft language.

22 And next slide please.

23 Written comments following the workshop
24 are due on November 13th. Following that written
25 comment period, Staff will consider comments and

1 develop updated express terms. We anticipate
2 posting a third round of 15-day language by the
3 end of the month, followed by a 15-day public
4 comment period, and then present the proposed
5 regulations and the associated negative
6 declaration under CEQA at a December 2020 CEC
7 business meeting.

8 We anticipate finalizing the rulemaking
9 package and submitting it to the Office of
10 Administrative Law for review in the first part
11 of next year. With the request for an urgency
12 effective date, we tentatively anticipate a
13 regulation effective date mid next year.

14 However, based on recent Executive
15 Orders, the OAL review period may be extended by
16 up to an additional 120 calendar days, so it's
17 possible this date could be later.

18 Next slide please.

19 So, the LTR was enacted by Senate Bill
20 350 for retail sellers and specifies that
21 beginning in 2021 at least 65 percent of
22 procurement must come from the retail seller's
23 own contract of ten years or more in duration,
24 ownership or ownership agreements. The law
25 provides a mechanism for voluntary early

1 compliance beginning in 2017. The law makes the
2 LTR applicable to POU's by requiring POU governing
3 boards to adopt consistent requirements. To
4 fulfill its oversight role, the CEC must adopt
5 regulations specifying how compliance with the
6 LTR will be assessed.

7 Next slide please.

8 The CEC's proposed express terms
9 implement the LTR of a third separate procurement
10 requirement for which compliance is assessed
11 independently of the other two RPS procurement
12 requirements, the procurement target requirement,
13 and the portfolio balance requirement. This is
14 consistent with the established framework for the
15 other POU RPS procurement requirements.

16 Similarly, if all statutory and
17 regulatory requirements are met, POU's may adopt
18 and apply optional compliance measures to address
19 the shortfall in the LTR.

20 As reflected in the CEC's express terms,
21 compliance with the LTR is assessed based on the
22 quantity of electricity products that have
23 applied for RPS compliance and that have been
24 procured through a POU contract of ten years or
25 more in duration, ownership or ownership

1 agreements.

2 For purposes of determining compliance
3 with the LTR, the proposed express terms define
4 long-term and short-term contracts to
5 differentiate what types of contracts can be used
6 for compliance. The proposed express terms also
7 clarify how various contract arrangements may be
8 classified as long-term, how a ten-year duration
9 will be measured and deemed continuous, and
10 special consideration for PCC 2 and PCC 3
11 contracts and prior banked excess procurement.

12 In addition, the proposed express terms
13 clarify how procurement for long-term contracts
14 would be classified in different scenarios. In
15 general, procurement from the long-term contracts
16 is expected to be long-term unless amendments or
17 modifications change the status of the long-term
18 contract.

19 Next slide please.

20 The proposed requirements for long-term
21 contracts have been revised over the course of
22 this rulemaking. While the second 15-day
23 language version of the express terms modified
24 several aspects of the proposed implementation of
25 the LTR, today's workshop is focused on the

1 changes regarding CEC review to confirm a long-
2 term contracts procurement commitment.

3 The second 15-day language clarified that
4 POU's may be required to submit additional
5 information to show that a contract claimed as
6 long-term represents a long-term procurement
7 commitment. The language also outlines the
8 review process. This language is added, in part,
9 to address some stakeholder concerns that, absent
10 requirements for fixed quantities and pricing, a
11 contract could be structured to evade the intent
12 of the LTR but still be classified as long-term
13 based on a ten-year duration.

14 While Staff anticipated that the CEC's
15 responsibilities to review and verify procurement
16 claims would be sufficient to prevent any sham
17 contracts from counting for compliance with the
18 LTR, we proposed addressing this in the second
19 15-day language with the intent of providing
20 greater transparency with regard to review of
21 long-term contracts, and to help identify how
22 POU's may support a long-term claim for a contract
23 in which the procurement commitment might not be
24 as clear. In addition, the intent was also to
25 provide an explicit appeals process if the POU

1 did not agree with the CEC's assessment.

2 Next slide please.

3 So, based on comments on the second 15-
4 day language, and in consideration of recent
5 substantive comments on the long-term contract
6 requirements, Staff is proposing updated draft
7 language for long-term contracts and the
8 associated reporting and review processes.

9 First, Staff proposes differentiating
10 long-term contract requirements based on the
11 execution date of the contract. This proposed
12 change responds to stakeholder comments and
13 absent updated regulations, POUs had only the
14 statutory requirement for a duration to rely on
15 in planning procurement for comment period four.
16 Stakeholders recommended establishing additional
17 criteria only for contracts executed after July
18 1st, 2020.

19 Staff found it reasonable to classify
20 contracts executed prior to July 1st of long-term
21 based solely on the continuous ten-year duration
22 requirement that was proposed via 45-day express
23 terms and clarified in the first 15-day language,
24 however, this treatment would apply only for the
25 duration of the contract that's in effect as of

1 July 1st. Amendments after July 1st that extend
2 the term of the agreement or that modify contract
3 provisions otherwise relevant to the
4 classification of a long-term contract, those
5 would be subject to the same requirements as
6 long-term contracts executed after July 1st.

7 For those long-term contracts executed
8 after July 1st or amended after July 1st, Staff
9 has identified three additional criteria, in
10 addition to the ten-year continuous duration
11 requirement. These criteria pertain to contract
12 quantities, termination provisions, and minimum
13 quantity or pricing terms. And I'll explain them
14 more in detail later in the presentation.

15 However, as with the ten-year continuous
16 duration requirement, Staff proposes these
17 additional criteria would also apply both to the
18 POU's contract and any underlying contracts with
19 the RPS facility to ensure that all procurement
20 counted for compliance with the LTR is sourced
21 through long-term contracts.

22 Next slide please.

23 So, we will pause here for comments
24 specific to Staff's new proposal to differentiate
25 long-term contract requirements based on whether

1 the contract was executed prior to or after July
2 1st. We'll discuss contract duration and the
3 additional criteria in a couple slides. And so,
4 as a reminder, please hold other comments until
5 later in the workshop.

6 And again, because we have a lot of
7 topics to get through today, we are asking you to
8 keep your initial comments to three minutes or
9 less. And so, Greg is pulling up a timer here to
10 help keep track.

11 And I will now turn it over to Gina
12 Barkalow to help call on attendees with raised
13 hands.

14 MS. BARKALOW: Hello. Yes. Okay, we
15 have a few raised hands.

16 Justin Wynne, I'm going to allow you to
17 talk. You may begin.

18 Greg, would you please start the timer?

19 MR. WYNNE: Did you -- you would like me
20 to spell my name; correct?

21 MS. BARKALOW: It's okay, I think. Your
22 name is -- you don't need to spell any names,
23 so --

24 MR. WYNNE: Thank you. So, Justin Wynne
25 for the California Municipal Utilities

1 Association.

2 First, I just want to thank CEC Staff and
3 Commissioner Douglas for all the work that you've
4 put into this. We really think that you've been
5 responsive to a lot of the input that we've
6 provided. And I think that we've made a lot of
7 progress since the second 15-day language.

8 And maybe before going into this specific
9 question for this topic, just taking a step back,
10 for the POU's, I think our starting position was
11 that the statutory requirements for the long-term
12 procurement requirement are pretty
13 straightforward and clear. For a contract to
14 qualify, it just has to have a duration of at
15 least 10 years in length. And we don't see any
16 expressed legislative intent or legislative
17 history that provides guidance to go beyond this.
18 However, we recognize the concerns that were
19 raised by other stakeholders and by the CEC about
20 certain types of contracts that might meet that
21 duration requirement but really shouldn't qualify
22 as long-term.

23 So, to try and reach a compromise on this
24 the POU's worked very closely with TURN to develop
25 some proposed regulatory language that would

1 exclude these contracts that there were concerns
2 about but, at the same time, not unduly restrict
3 the flexibility of the POU's or lead to any
4 unnecessary cost.

5 So, the joint stakeholder proposal
6 represents a comprehensive approach to this for
7 the POU's. And it was very carefully drafted and
8 all elements, all individual elements of that
9 proposal, were necessary for the POU's to get
10 support. So, as we go through and talk about the
11 different elements today, I just want to keep
12 that in mind, that when we put together the joint
13 stakeholder proposal, each individual element of
14 that was really necessary.

15 Which ties to the topic for this question
16 of the different treatment for already executed
17 contracts. And I think one of the biggest
18 concerns that we had when we were looking at
19 potentially developing more prescriptive or more
20 complex regulations was that there's -- a huge
21 amount of the contracts that will be necessary
22 for future compliance have already been executed.
23 And those were executed without the benefit of
24 these regulations being in place. And if were to
25 all of a sudden adopt these regulations, they

1 would be retroactively applying to a huge amount
2 of investment on behalf of the POUs. And it
3 would put all of this investment at risk for the
4 POUs.

5 So, one of the most important things for
6 the joint stakeholder proposal was that we needed
7 to have a clear cut-off date, where before this
8 point you're just looking at the simple duration
9 requirement. After this point than, yes, we can
10 apply the more complicated requirements.

11 We see this in the Key Topics Guide and
12 we greatly appreciated that. I think we just
13 wanted to reiterate that this is truly an
14 essential element for the POUs.

15 I know I'm almost out of time but there
16 are just things I wanted to mention.

17 One, I think we're going to talk about it
18 later, but there is concern about the reasonably
19 consistent language and how that is structured.
20 But we'll revisit that when it comes up.

21 On the applicability of these
22 requirements to third-party marketers, I think
23 the only comment that I would make is that when
24 we were developing the joint stakeholder
25 proposal, we were looking exclusively at POU

1 contracts. And so, as we are looking at the
2 reasonable consistent, termination, pricing, and
3 then the list of justifications that we
4 developed, we were not thinking about and did not
5 consult the third-party marketers about their
6 underlying contracts. And so, I don't think it's
7 clear to us that what we proposed there maybe
8 takes into consideration all of the requirements
9 that they would have. And so, I think, if there
10 is going to be an extension, we would have to
11 revisit that.

12 And then finally, I --

13 MS. BARKALOW: I think that --

14 MR. WYNNE: Oh, yeah, that --

15 MS. BARKALOW: I'm going to have to ask
16 you if you could hold your comments to that
17 particular section for that. And at the very end
18 of the workshop, we will have another section
19 just on general comments.

20 MR. WYNNE: Great. I appreciate that.
21 Thank you.

22 MS. LARSON: Yes. Thanks.

23 MS. BARKALOW: Okay. Next, we will move
24 to Mandip. I'm going to allow you to talk.
25 State your first and last name and affiliation

1 for the Court Reporter. You should be able to
2 speak.

3 Then, Greg --

4 MS. SAMRA: Mandip Samra.

5 MS. BARKALOW: Yeah. Go ahead.

6 MS. SAMRA: Mandip Samra, City of
7 Pasadena Water and Power. So, I just -- really
8 just a quick point of clarification.

9 So, I just wanted to get clarification
10 that the only thing required for grandfathering
11 is a ten-year duration or longer for a contract.
12 And all the other requirements, like the up-
13 stream contracts, approving all that, that does
14 not apply to grandfathered contracts. I just
15 wanted to confirm that.

16 Thank you. That's it. And we do greatly
17 appreciate this. We have put this in our
18 comments, I think, three of four times. So, we
19 are very appreciative of the grandfathering
20 language and really do appreciate working with
21 you to get this language put in.

22 Thank you.

23 MS. BARKALOW: Thank you.

24 MS. LARSON: And, Gina, maybe I can just
25 jump in and clarify that.

1 So, Mandip, the grandfathering language
2 as currently proposed would still hold the
3 contracts executed prior to July 1st to the same
4 duration requirements in the 45-day and 15-day
5 express terms, which means the ten-year duration
6 requirement would apply both to the POU's
7 contracts and the underlying contracts at the RPS
8 facilities if the facility wasn't your
9 counterparty.

10 But the additional criteria we've
11 proposed regarding reasonably consistent
12 quantities, for instance, those wouldn't apply.
13 As currently proposed, the ten-year duration
14 requirement would apply both to a POU's contract
15 and the upstream contracts as well.

16 MS. BARKALOW: Okay. So first we're
17 going with the folks that are on the Zoom call.
18 And then we'll go to callers on the phone.

19 So next I have Matt Freedman. You should
20 be able to speak.

21 MR. FREEDMAN: Thank you. This is Matt
22 Freedman here on behalf of The Utility Reform
23 Network. And I just want to echo what Justin
24 Wynne said, which is that following the latest
25 revisions to the 15-day language, TURN worked

1 with CMUA, NCPA, and SCPPA (phonetic) jointly to
2 try to develop a joint stakeholder proposal that
3 could address a range of differences between our
4 respective positions. And I feel like the
5 proposal that was submitted in comments
6 represented a good compromise that TURN can
7 support and provides the necessary flexibility
8 for publicly owned utilities to be able to do
9 legitimate long-term contracts that might have
10 some unique features, and to provide some safe
11 harbors, along with ensuring that new criteria
12 that would be adopted by these rules are applied
13 to new contracts. And that's where the
14 grandfathering comes in.

15 As we have the conversation about
16 existing contracts, TURN recognizes that POU's
17 have entered into contracts prior to July 1 of
18 2020 that were not entered into with full
19 knowledge of the types of requirements that might
20 come out of this process. And so, for that
21 reason, we believe that the grandfathering
22 provision that is proposed here is appropriate so
23 long as any amendments or extensions or new
24 contracts are not exempted from the reasonable
25 consistency requirement and we believe that the

1 draft language does that. So, we want to thank
2 the Staff for recognizing the reasonableness of
3 this particular element of the proposal.

4 Thank you.

5 MS. BARKALOW: Thank you.

6 Okay, next we will move to Scott
7 Tomashefsky.

8 Scott, you should be able to speak.

9 MR. TOMASHEFSKY: Thank you, Gina. And
10 I'll assume that you can spell my name, or it
11 will take the entire three minutes just doing
12 that.

13 MS. BARKALOW: That's fine.

14 MR. TOMASHEFSKY: I appreciate the
15 opportunity. And I think this is more of a point
16 of just administrative clarification because, as
17 Justin speaks, there's a lot of uniformity
18 surrounding the POU position. So rather than
19 have us come up and echo those comments 15 times,
20 I think you can go under the premise that we're
21 in sync with what Justin was saying in that what
22 we will do is provide specific clarifications to
23 the extent we want to elaborate on a particular
24 position.

25 So, in terms of the NCPA position on

1 grandfathering, very much in alignment with what
2 both Justin and Matt have said. But just moving
3 forward there might be some areas where you might
4 not hear us say anything, although we will be in
5 concurrence, so just wanted to share that.

6 MS. BARKALOW: Thank you.

7 Okay, so we will now move to folks on the
8 phone. The person with the phone number ending in
9 385, you should be able to speak. You may hit
10 star six if you're muted to un-mute yourself.

11 MR. UHLER: Hello?

12 MS. BARKALOW: Hi. Please state your
13 name and affiliation for the Court Reporter.

14 MR. UHLER: Steve Uhler, U.S. citizen.

15 Slide eight, I'm taking it that where it
16 starts -- it looks as, before beginning, is
17 399.13(b). I'm interested in determining what
18 type of contracts? Because that clause in the
19 beginning talks about contracts for electricity
20 associated with renewable energy credits. Are
21 you also considering contracts for generation and
22 metering and all the various downstream things
23 from generation?

24 And for the renewable energy credits,
25 under WREGIS (phonetic), contracts for -- that

1 will -- where the credits will end up in a WREGIS
2 reserve subaccount, I'm interested in knowing
3 what the statuses will be there.

4 Also, another thing, a small thing, these
5 two appear to be taken from statutory provisions.
6 The second governing -- the governing board,
7 paragraph four instead of paragraph five, could
8 be on the slide.

9 So, the main point is I want to know what
10 kind of contracts? Are there just for buying
11 this generated and are metered through per WREGIS
12 operating rules at the high side of the
13 transformer, at the generator? And, in
14 particular -- and what would make these products?
15 Because your -- all of your language talks about
16 electricity products. But a high-sided
17 generators is not an electricity product.

18 You'll find more in -- and I spoke on
19 this and have written on this, that the
20 Commission seems to be terming products before
21 the courts in the state will term them products,
22 so can I get an answer to that?

23 Thank you.

24 MS. BARKALOW: Thank you.

25 That is the last person requesting to

1 speak, so unless anyone has anything else to say,
2 we can continue on.

3 Greg, would you forward the slide please?

4 MS. LARSON: My apologies. I had muted
5 myself and forgot to un-mute.

6 So, moving on, before we get into the
7 requirements for long-term contracts, Staff has
8 proposed clarifying the definition of jointly
9 negotiated contracts. The second 15-day language
10 definition addresses contracts that were executed
11 -- or that are executed by a joint power agency
12 or a third-party on behalf of multiple POU's, as
13 well as joint contracts.

14 Staff proposes that jointly negotiated
15 contracts also include separate contracts that
16 are executed by each POU with the same RPS
17 certified facility if two conditions are
18 satisfied. First, if each POU contract identifies
19 the other POU's that are in the agreement, jointly
20 negotiated agreement. And second, each POU
21 contract expressly provides the right to
22 reallocate procurement among these identified
23 POU's. As with the existing proposed requirements
24 for jointly negotiated contracts, the procurement
25 duration for each POU and each RPS facility must

1 be at least ten continuous years.

2 Next slide please.

3 So, again, we'll pause briefly here for
4 comments on this proposed clarification for
5 jointly negotiated contracts. Again, please hold
6 comments on any other topic until later in the
7 workshop where we'll be covering a number of
8 different topics. And we'll have an open public
9 comment period at the end as well.

10 And I'll turn it back to Gina.

11 MS. BARKALOW: Hello. Okay. Justin
12 Wynne has his hand raised.

13 Justin, you should be able to speak.

14 MR. WYNNE: Yes. Thank you. Justin
15 Wynne for CMUA.

16 So, I'll just quickly note that this
17 proposal is very important to the POUs. There's
18 not a lot of flexibility built into the long-term
19 procurement requirement and this is one of the
20 few areas that provides some of that needed
21 flexibility.

22 And specific to this change regarding
23 separate contracts, this language is greatly
24 appreciated. It's particularly going to be
25 beneficial to smaller POUs that will be engaging

1 in that type of contract structure in order to
2 meet the long-term procurement requirements. So,
3 I just want to state that we greatly appreciate
4 this modification.

5 Thank you.

6 MS. BARKALOW: Thank you.

7 All right, next we have Matt Freedman.

8 You should be able to speak, Matt. Okay.
9 Try again.

10 MR. FREEDMAN: Okay. I think I'm on.
11 Are you hearing me?

12 MS. BARKALOW: Yes.

13 MR. FREEDMAN: Great. I just want to
14 reiterate what Justin said in the context of our
15 conversations between TURN and the POU's and
16 talking about the applicability of requirements
17 related to the consistency of deliveries over the
18 term of a contract. We believe that the POU's
19 brought up a very legitimate issue around the use
20 of joint powers agencies to allow multiple POU's
21 to band together to help develop brand new
22 facilities. And we think it's very appropriate
23 to allow the reallocation of quantities between
24 JPA participants without requiring an additional
25 look or additional scrutiny with respect to

1 compliance with the long-term contract
2 requirements.

3 So, I just want to support this element
4 of the proposal and explain why we think it's
5 appropriate.

6 Thank you.

7 MS. BARKALOW: Thank you.

8 All right, there are no more raised
9 hands.

10 Greg, would you forward the slide please?
11 We can continue.

12 MS. LARSON: Okay. Great. So, the first
13 requirement for all long-term contracts,
14 including those executed prior to July 1st, 2020,
15 is to have a duration of at least ten continuous
16 years. This requirement applies to a POU's
17 contract and to any underlying contracts with the
18 RPS facilities. The duration of the contract is
19 measured from the contract's start date to the
20 contract's end date. The contract's start date
21 is defined in the express terms as the first date
22 the POU procured electricity products to the
23 contract.

24 As clarified in the first 15-day language
25 the duration would be deemed continuous if the

1 contract specifies non-zero procurement
2 quantities annually and/or on a compliance period
3 basis over the term. However, the method for
4 defining quantities isn't restricted, so they
5 could be specified as megawatt hour amounts,
6 output share, or through some other metric.

7 Staff didn't propose any substantial
8 changes to the ten-year continuous duration
9 requirement relative to the second 15-day
10 language. But for clarity, we proposed updating
11 the definition of a long-term contract to require
12 non-zero procurement quantities for a duration of
13 at least ten years.

14 Next slide please.

15 So, we'll pause here for comments
16 specific to this proposed duration requirement.
17 In the workshop guide, we did pose a question as
18 to whether a continuous ten-year term should ever
19 include years in which the contracted for
20 procurement quantity is zero, which we currently
21 don't see as allowed under the proposed language,
22 to encourage you to consider this question as you
23 are providing comments. And again, please hold
24 those comments that are unrelated to duration
25 until later in the workshop.

1 And I'll turn it back to Gina.

2 MS. BARKALOW: Okay. We just have a few
3 hands raised.

4 Justin Wynne, you should be able to
5 speak.

6 MR. WYNNE: Thank you. Justin Wynne for
7 CMUA.

8 So first, I would say, I don't know that
9 we expressly addressed this in the joint
10 stakeholder proposal, but I think that what our
11 interpretation was of our recommended approach to
12 this question would be that if you have a
13 contract, you would take any individual year and
14 you would apply the, I think, reasonably
15 consistent threshold, percentage threshold
16 evaluation of that year, in comparison to the
17 rest of the contract. And if it violates that,
18 then -- or if it exceeds that, then you would
19 apply one of the justifications.

20 And our expectation is, is that if you
21 had a ten-year contract and, say, you had an
22 individual year that was a zero quantity, then
23 you would be able to justify that based off of
24 one of the examples. And so, I think our
25 approach would be, instead of having a

1 prohibition on any zero year, say we'd have like
2 an extra layer or a floor that would be applied
3 outside of the reasonably consistent threshold
4 calculation, that you would just use that
5 provision and then you wouldn't have a zero-
6 megawatt hour prohibition.

7 As far as real-world examples, it's
8 probably pretty rare that it would come up, but I
9 think some examples we could think of is, say in
10 year seven, there's going to be massive
11 construction at the facility and so they're going
12 to add solar panels or they're going to
13 reconfigure or repower some elements of the
14 facility. There could be an extended period of
15 expected construction where you would have zero
16 in that year.

17 Another one might be something like if
18 there's an essential transmission line, you know
19 it's going to be down for one year within the
20 contract, and so there's zero procurement during
21 that year. That would be another examples

22 So our expectation is that it would be
23 rare. It would be up to the POU to show that one
24 of the justifications is met. But I think that
25 that would be our preferred approach, instead of

1 just having a flat rule that you can't have a
2 zero quantity in an individual year.

3 Thank you.

4 MS. BARKALOW: Thank you.

5 Okay, next we have Mandip.

6 Please, you should be able to speak.

7 MS. SAMRA: Mandip Samra, Pasadena Water
8 and Power. I just have a point of clarification
9 here.

10 So a POU were to do, say, a 20-year
11 contract but it would receive zero energy for the
12 first five years, the quantities for the last 15
13 years, would that count as LTR? Because it is
14 longer than ten years in duration. So I just
15 wanted to seek some clarification because I think
16 there's inconsistency.

17 Thank you.

18 MS. LARSON: I think I might be able to
19 clarify that general example.

20 So because of the way we measure --
21 because of the way we proposed to define contract
22 start date, any initial zero quantity years, that
23 we wouldn't start measuring until the POU
24 actually began procuring under the contract. So,
25 in the scenario that I believe you just

1 described, if the procurement quantity was zero
2 for the first five years, we'd just be looking at
3 6 through 20, which would have a duration of ten
4 continuous years, assuming all other LTR
5 requirements were met.

6 MS. BARKALOW: Okay. Thank you.

7 David Siao, you're next please.

8 MR. SIAO: Thank you, Gina. I'm -- as
9 you said, my name is David Siao with Roseville
10 Electric. And I just had a clarifying question.

11 For the duration requirement that was
12 described in the prior slide, could you clarify
13 whether this regulation would apply starting in
14 2021 or would this retroactively start applying
15 to existing contracts producing RECs in
16 compliance period three?

17 Thank you.

18 MS. LARSON: So I think, if I got the
19 question right, this requirement would apply to
20 all contracts, regardless of the execution date.
21 So, if the contract was executed in 2018 but you
22 are planning to, you know, a ten-year contract
23 that goes forward, then beginning compliance
24 period four or whenever you are subject to the
25 LTR, we would be looking at this requirement to

1 apply, regardless of what date the contract was
2 executed.

3 MS. BARKALOW: Okay. Next, Matt
4 Freedman.

5 MR. FREEDMAN: Thank you. This is Matt
6 Freedman on behalf of TURN. And we support the
7 approach that's being proposed here.

8 It's our view, and we've expressed this
9 in comments many times before the Commission,
10 that a long-term contract that has a significant
11 number of years with zero deliveries in it could
12 very well be what we would characterize as a sham
13 contract. Again, if you had all of the
14 deliveries in year one and zero deliveries for
15 the remaining nine years and, yet, called it a
16 ten-year contract, nobody could really, with a
17 straight face, I think make that claim under any
18 level of scrutiny.

19 So, we believe the non-zero quantity
20 requirement is critical. But we also accept the
21 concerns raised by the POUs and reflected in the
22 joint stakeholder proposal that an exemption --
23 an exception to that could be made if there is a
24 very specific demonstration made by the POU that
25 a non-zero year is justified for a set of

1 specific reasons -- Justin identified those -- if
2 the facility is down for refurbishment or
3 repowering or some other very, very legitimate
4 reason that justifies a gap.

5 And we also agree that a contract that
6 has zero quantities in the first few years,
7 followed by deliveries that span at least ten
8 continuous years, shouldn't be penalized for
9 that. These are typical types of arrangements
10 where contracts are executed for projects that
11 have yet to be developed. And we don't think
12 there's a reasonable basis for penalizing a POU
13 because a project that it has a contract with
14 isn't immediately online. That's, obviously, not
15 realistic.

16 So, we think this strikes a good balance
17 and we support the proposal.

18 Thank you.

19 MS. BARKALOW: Thank you.

20 Okay, next on Zoom, we have James.

21 Please say your name. I cannot see your
22 full name.

23 MR. TAKEHARA: Hi. My name is James
24 Takehara. I'm with the City of Shasta Lake. And
25 a clarifying question.

1 I think I heard you say during the verbal
2 portion of your presentation that this non-zero
3 threshold would be applied not only on an annual
4 basis or it would be on a compliance period
5 basis. So if that's correct then, you know,
6 let's just pick an example.

7 Let's suppose in month one of this ten-
8 year contract, the beginning of a compliance
9 period, I take delivery of electricity. And
10 then, for some reason, I don't take another
11 delivery of this electricity until the last year
12 of the subsequent compliance period. Is that
13 pattern an acceptable structure under your
14 thinking?

15 Thank you.

16 MS. LARSON: I think I can partly speak
17 to that at least.

18 We do, under the current proposal, allow
19 a contract to be -- the contract duration to
20 include procurement quantities on an annual
21 and/or compliance period basis. However, as
22 we'll get to a little later in the presentation,
23 which is actually my next topic, we have proposed
24 additional requirements for reasonable --
25 reasonably consistent quantities. And for those

1 contracts that specify quantities on a compliance
2 period basis, rather than an annual basis, the
3 requirements might look a little bit different.

4 So I think that next section will be able
5 to better address your question. But it's
6 correct that, yes, the proposed duration
7 requirements allow quantities on an annual and/or
8 compliance period basis.

9 MS. BARKALOW: Okay. Next, we have Mr.
10 Steve Uhler.

11 You should be able to speak.

12 MR. UHLER: Steve Uhler, U-H-L-E-R.

13 A question related to underlying
14 contracts. Can I get a clarification to what
15 underlying contracts are?

16 MS. LARSON: Sure. The underlying
17 contract in this case refers to if the POU -- the
18 POU's counterparty is not the RPS certified
19 facility, then it is -- and the POU has a
20 contract with a third party, then it is the third
21 party's contract with the RPS facility.

22 MR. UHLER: Okay. Would that include
23 contracts for renewable energy credits that would
24 ultimately reside in the reserve subaccount for
25 the POU? Are you familiar with the reserve

1 subaccount?

2 MS. LEE: Hello, participant.

3 MS. LARSON: I'm not.

4 MS. LEE: Could we ask for you to submit
5 those questions in your comments?

6 MR. UHLER: Okay. I have. But just
7 being that I didn't get an immediate answer
8 there, reserve subaccount is for any credits that
9 will be used outside of WREGIS. I'd hate to
10 think --

11 MS. LEE: Yes, sir, I think that we fully
12 understand the use of WREGIS.

13 MR. UHLER: Okay. Please do not --

14 MS. LEE: And we certainly appreciate --

15 MR. UHLER: -- interrupt me. Please do
16 not interrupt me. I'm trying to make a statement
17 here at an open and public meeting. I'm
18 really --

19 MS. LEE: I apologize. Please go ahead.

20 MR. UHLER: Okay. Let me finish.
21 I'm concerned with this zero situation.
22 What would happen if a POU got a ten or a better
23 year -- longer contract but, along the way,
24 decided to port all of those credits into a
25 reserve account, in other words, allow their

1 customers to claim the use of renewable energy,
2 and it drove it to zero because they couldn't use
3 any of those credits for RPS, or they could use
4 some varying amount? Are you going to prohibit
5 them from driving it to zero by getting their
6 customers to actually pony up and buy renewable?
7 That's my point here. That's my point here.
8 That's the product.

9 So I'd like to know the effect on the
10 reserve subaccount and whether or not POUs will
11 be reticent to allow their customers to claim,
12 fully claim, and use those credits outside of
13 WREGIS, which is allowed by WREGIS operating
14 rules? Can I get a clarification on that?

15 MS. LEE: Are you done with your
16 statement, sir?

17 MR. UHLER: No, I'm not done. I'm
18 waiting for a clarification. Is the credits that
19 are -- that end up in the reserve account, I
20 would like to know, will they be considered as
21 creating a non -- a zero contract? Will they be
22 considered or have you not considered the reserve
23 subaccount as far as trying to get additionality
24 and renewable sources here? Because here's an
25 opportunity to get all the customers to not only

1 meet 33 and 50 and 60 but beyond that. But if a
2 POU makes a ten-year contract and can't sell
3 those to their customers for risk of not
4 complying with RPS, I think that's a negative.

5 MS. LEE: Okay.

6 MR. UHLER: So --

7 MS. LEE: We thank you for your --

8 MR. UHLER: Please --

9 MS. LEE: -- we thank you for your
10 comment.

11 MR. UHLER: -- please clarify that and
12 answer the question. And, once again, we're
13 talking about products here. We're not talking
14 about electricity just because it's electricity.
15 We're talking about delivered product. So I'll
16 be looking for --

17 MS. LEE: Okay.

18 MR. UHLER: -- I'm taking it that you're
19 taking that this is relevant to ten-year
20 contracts that I'm speaking of. Can I get that
21 clarification?

22 MS. LEE: No, I'm sorry, we're not
23 prepared to provide that at this time, but we
24 thank you for your comment.

25 MR. UHLER: Why are you not prepared to

1 tell me whether or not what I'm saying is
2 relevant after four years of working on this?
3 The taxpayers would like to know why you can't
4 tell me why when I talk about a ten-year
5 contract --

6 COMMISSIONER DOUGLAS: This is --

7 MR. UHLER: -- you can't tell me?

8 COMMISSIONER DOUGLAS: Thank you for
9 asking that question. And, obviously, the
10 comments go into the record, but we do need to
11 move on now.

12 MR. UHLER: Is this -- was that the Chair
13 speaking? Whoever was speaking, please identify
14 themselves.

15 COMMISSIONER DOUGLAS: This is
16 Commissioner Douglas. We need to move on now,
17 but we appreciate the question. And we will,
18 obviously, focus on moving forward with the
19 workshop. But the questions that are asked in
20 this process do get addressed, so thank you.

21 MS. BARKALOW: Thank you.

22 Okay, Greg, would you forward the slide
23 please?

24 MS. LARSON: Okay. So, the next topic
25 we'll discuss is the reasonably consistent

1 procurement quantities.

2 For contracts and amendments that are
3 executed after July 1st, the first additional
4 criterion in the Staff report is that the long-
5 term contracts must include reasonably consistent
6 procurement quantities. As reflected in the
7 first and second 15-day language versions of the
8 express terms, defined contract quantities are
9 necessary to describe the procurement commitment
10 and to establish obligations represented by the
11 contract.

12 Staff has proposed a new requirement that
13 contract quantities must be reasonably consistent
14 in a long-term contract which responds to some
15 concerns that, absent this requirement, a ten-
16 year contract could be structured to only include
17 meaningful procurement in one or two years but
18 shall count for compliance with the LTR will not
19 really meet its purpose.

20 To implement a requirement for reasonable
21 consistent procurement quantities, Staff proposes
22 establishing a measure of reasonable variation
23 for long-term contracts. However, Staff
24 acknowledges that contracts may include greater
25 variation and still represent a long-term

1 procurement commitment.

2 Based on stakeholder comments, Staff
3 proposed expressing the measure of reasonable
4 variation as a specified percent of the average
5 annual contract quantities. Staff is considering
6 two options for the specified percent which I
7 will discuss in a couple minutes. But,
8 generally, under this proposal a long-term
9 contract would include reasonably consistent
10 quantities under either of the following.

11 First, contracted-for annual quantities
12 vary no more than the specified percent relative
13 to the average annual quantity, or the reason for
14 the variation or the reason for specifying the
15 contracted-for quantities on the compliance
16 period basis is based on one or more
17 circumstances that are consistent with the
18 purposes of the LTR.

19 For PCC 3 contracts only the requirement
20 for reasonably consistent quantities would be
21 assessed by comparing the average contracted-for
22 quantities between any two adjacent compliance
23 periods rather than to the average annual
24 contract quantity. This recognizes the fact that
25 PCC 3 electricity products aren't procured with

1 the associated electricity, are more likely to be
2 procured in batches in a compliance period and
3 are more likely -- or may be used as a compliance
4 tool to fill procurement gaps.

5 Next slide please.

6 In calculating whether a long-term
7 contract includes reasonably consistent
8 procurement quantities, the variation in any
9 given year is based on the contracted-for
10 quantity, not the actual delivery under the
11 contract. Similarly, if the contracted-for
12 quantity is based on output share, then the
13 variation would be based on any change in the
14 output share, rather than any -- rather than on
15 any estimated megawatt hour quantities under the
16 contract.

17 As I previously noted, the additional
18 long-term contracts criteria, including
19 reasonably consistent procurement quantities,
20 would apply to both the POU contract and two
21 underlying contracts with the RPS facilities.
22 However, for jointly negotiated contracts the
23 variation would be assessed based on the
24 aggregate contracted-for quantities, rather than
25 on each POU individual quantities.

1 Next slide please.

2 So I just wanted to show a couple of
3 quick examples as to how this calculation might
4 look.

5 So in the first contract, quantity has
6 been specified as annual megawatt hour amounts.
7 The average annual contract quantity is
8 calculated by summing the annual quantities and
9 then dividing by the number of years in the term.
10 In this case, that yields an annual average of
11 7,900 megawatt hours. Then for each of the
12 contract the variation of that year's procurement
13 quantity relative to the average annual quantity
14 is calculated.

15 If the variation in any individual year
16 exceeds the measure of reasonable variation the
17 POU would have the opportunity to submit
18 information explaining the variation and why the
19 contract, nevertheless, supports the purposes of
20 the LTR.

21 In the second example, the quantity is
22 expressed as a percent of facility output, the
23 same process is used to assess variation. But in
24 this case, as you can see, it is based on a
25 change in the POU's share of the facility's

1 output.

2 Next slide please.

3 So as I mentioned, Staff is considering
4 two options for the specified percent of
5 reasonable variation.

6 The first option is to establish 33
7 percent of the measure of reasonable variation,
8 but also to apply this requirement only to POU's
9 that are required to file Integrated Resource
10 Plans with the CEC. Staff proposed this 33
11 percent threshold, in part, based on a review of
12 the existing contracts, as well as the intent to
13 capture the vast majority of contracts.

14 Staff also considered applying this
15 requirement only to POU's that are required to
16 file IRPs, which are those POU's that have average
17 annual electrical demands greater than 700
18 gigawatt hours. This is based on prior comments
19 identifying the planning challenges faced by many
20 small POU's based on their load size, such as the
21 relatively large impacts due to arrival or
22 departure of a single large customer, or the need
23 to rely on a relatively small number of
24 contracts. The IRP requirements apply to 16 of
25 the 44 POU's, which means 28 would be excluded

1 under this option.

2 The second option Staff is considering is
3 to establish 40 percent of the measure of
4 reasonable variation and long-term contract
5 quantity for all POU's regardless of size. This
6 would apply the same requirements to all POU
7 long-term contracts that are executed after July
8 1st but would slightly increase the measure of
9 reasonable variation due to a potentially greater
10 need for flexibility among smaller POU's.

11 Under both options, contracts with
12 greater variation could still be classified as
13 long-term if the POU's sufficiently explain how
14 the contract was consistent with the purposes of
15 the LTR.

16 Next slide please.

17 So if the variation in the contracted-for
18 quantity in a given year exceeds the measure of
19 reasonable variation, or if the contract
20 specifies quantities on a compliance period
21 basis, POU's may submit additional information on
22 how the contract provides a long-term procurement
23 commitment consistent with supporting the
24 purposes of the LTR.

25 The proposed regulations include a list

1 of examples based on stakeholder comments that
2 Staff found reasonable for explaining a greater
3 variation than the specified percent and that
4 would be consistent with the purposes of the LTR.
5 Staff is proposing to include these examples in
6 the regulations to provide better guidance and
7 certainties to POU's.

8 Next slide please.

9 I'll now provide an opportunity for
10 comments specific to the proposed requirements
11 for reasonably consistent procurement quantities.
12 This slide paraphrases two questions posed in the
13 workshop guide which we encourage you consider
14 when making comments. The questions are which
15 measure of reasonable consistent variation is the
16 best implementation and why, and if the list of
17 proposed examples for greater variations is
18 sufficiently comprehensive to provide guidance to
19 POU's?

20 And I'll just add for those commenters
21 who are supporting option A, which is 33 percent
22 of the measure of reasonable variation that apply
23 only to IRP-filing POU's, how would you support
24 differentiating the requirement for POU's based on
25 demand?

1 And I'll now turn it over to Gina for
2 comments.

3 MS. BARKALOW: Okay. I will go ahead
4 with Justin Wynne.

5 You should be able to talk.

6 MR. WYNNE: Thank you. Justin Wynne with
7 CMUA.

8 So both when the POU's were looking at the
9 second 15-day language and as we were considering
10 more comprehensive, more prescriptive
11 requirements for the long-term procurement
12 requirement, one of the main concerns was
13 ensuring that there was sufficient regulatory
14 certainty.

15 The POU's are investing a huge amount of
16 funds on behalf of the ratepayers over a very
17 long period of time in these renewable contracts.
18 And so at the point of contract execution they
19 need to be able to look at the regulations and
20 have certainty about whether it would qualify.

21 To address this but also meet the --
22 address the concerns that TURN and others had
23 raised, what we had proposed in the joint
24 stakeholder proposal was a structure where we
25 have the average analysis. If there's a

1 deviation above a certain threshold, then you
2 would only be able to treat the contract as long-
3 term if it met one of the justified reasons.

4 But the way that we had worded in that
5 proposal made this an auto qualification, so that
6 if you deviate above the threshold but you meet
7 one of these requirements, there's no step in
8 between, it automatically qualifies as a long-
9 term. And that's essential because that allows
10 the parties at the point of contract to have a
11 high degree of certainty, that even if they have
12 a structure where they're deviating beyond this
13 threshold, they still know that it's going to
14 qualify as long-term.

15 As I read the proposal in Section
16 3204(d)(2)(C)1.iv. (phonetic) of the Key Topics
17 Guide, it appears to differ from this structure.
18 And so rather than there being an automatic
19 qualification based off of one of the
20 justifications, there's this language now that
21 the POU has to justify that it meets the
22 requirements of the -- meets the purpose of the
23 long-term procurement requirement. It gives the
24 examples of market stability, long-term planning,
25 investments in new construction, and improvements

1 to existing resources. But now the list of
2 justifications is described as a list of
3 information. And as I read it, it might support
4 that finding but it's no longer automatic.

5 And so the POU's have a lot of concerns
6 with the wording of this structure based off of
7 our initial read of the way it's laid out. And
8 this would lead to significant regulatory
9 uncertainty. And it appears that there would be
10 a step where it's up to CEC's discretion to
11 determine if it meets the purpose of the long-
12 term procurement requirement. And, particularly,
13 as we mentioned before, because there isn't any
14 legislative intent that's expressly stated for
15 this, it seems like there's a lot of discretion
16 around what that actually means.

17 And then more specifically with market
18 stability, that's when it, as we've mentioned in
19 response to the second 15-day language, causes a
20 lot of concern because there's a lot of different
21 ways to interpret that. And certainly when we're
22 talking about maybe solar contracts, an argument
23 can be made, but that doesn't support market
24 stability. And so it adds a lot of uncertainty
25 to whether these contracts were qualified.

1 And so I think the core thing that we're
2 trying to achieve here is give that regulatory
3 certainty. And so we'd urge the Commission to
4 consider that language.

5 Thank you.

6 MS. BARKALOW: Great. Thanks.

7 Okay, Mandip Samra, you should be able to
8 speak.

9 MS. SAMRA: Mandip Samra, Pasadena Water
10 and Power. I guess I don't need to say that
11 anymore.

12 But I do want to say, thank you, Justin,
13 because we do support a lot of comments that
14 Justin just spoke on.

15 But I'm just wondering if there's an
16 option, if the CEC would be open to it, that the
17 deviations wouldn't apply if you have a contract
18 that consistently increases in its quantities?
19 So, say you have a 30-year contract and, you
20 know, you have 10 megawatts, then 20, then 30,
21 then 40, 50 that can attach a retail load, we're
22 hoping that, you know, there could be a
23 possibility that contracts that increase in their
24 megawatt hours or quantity would be excluded from
25 this deviation.

1 So that's just one thing I want to put
2 out, I think a lot of POUs do contracts that way,
3 but just as an optionality for us.

4 Thank you.

5 MS. BARKALOW: Thank you.

6 Okay, next we have Scott. You should be
7 able to speak.

8 MR. TOMASHEFSKY: Thank you, Gina. Scott
9 Tomashefsky, NCPA. And I'll echo the comments
10 that Justin provided. We definitely agree with
11 that.

12 My focus is, you know, looking at the
13 distinction between option A and option B,
14 especially with the lens of smaller entities. I
15 think Katharine did a really good job of making
16 our point as she was describing option A and
17 about the planning challenges and sort of the
18 size of contracts associated with some of the
19 smaller entities. So it's really important in
20 terms of that option.

21 If you look at the comparison between
22 option A and option B, option B is really a
23 nonstarter for smaller utilities. And the
24 distinction of dealing with the IRP threshold
25 works really well.

1 And what's critically important in
2 dealing with that is exactly what Katharine had
3 mentioned in a little bit less detail. If you
4 have a particular utility that has a couple of
5 very large customers and they end up in a long-
6 term procurement related to serving that customer
7 and the rest of that community, and that customer
8 leaves, you are putting a small community at
9 enormous risk in terms of being left holding a
10 stranded asset to serve a community, which is
11 really unacceptable.

12 So there's major exposure that goes to
13 the community, which is problematic in itself,
14 and, of course, the uncertainty surrounding some
15 of the contracts in terms of variation.

16 Within the NCPA member family there are
17 ten members that are non-IRP utilities, so we
18 have some pretty good practical examples tied to
19 our membership. And, in fact, there are three
20 members I can speak to off the bat that have
21 customers that represent at least 50 percent of
22 their load. So if they leave, that becomes a big
23 problem.

24 And this is not -- I think that this is
25 really important to clarify -- this is not

1 suggesting that not being -- not having to comply
2 with this particular variation provision exempts
3 you from the long-term requirement. It does not
4 at all. It just, basically, takes 399.13(b) and
5 instead of putting four additional screens on top
6 of it, it just puts three.

7 One thing I would also add, I know some
8 of the things that we've talked about over the
9 years in terms of dealing with certain things
10 that don't quite fit, there's been sort of a
11 suggestion to kind of move towards optional
12 compliance measures, but that's never really a
13 desired end game.

14 But in this particular instance, what
15 would happen, short of having this type of
16 provision built into the regulations, you would
17 basically put every small utility in a situation
18 where they would have to, basically, develop an
19 optional compliance measure, build it into a
20 procurement plan, and it would be a fairly high
21 probability that there would be administrative
22 impacts, both with the utility that would have
23 to, basically, make that claim to the CEC, but
24 also the CEC in reviewing those optional
25 compliance measures.

1 So the short of it is, but for that
2 particular provision, you're likely to see a
3 much larger usage of optional compliance measures
4 which will definitely bear down on the program
5 itself.

6 So I just wanted to share with that. We
7 definitely support option A, don't really see
8 what comes out of option B as far as being more
9 efficient.

10 Thank you.

11 MS. BARKALOW: Thank you.

12 Okay, next we have Matt.

13 You should be able to speak, Matt,
14 please.

15 MR. FREEDMAN: Yeah. I'm on. This is
16 Matt Freedman on behalf of The Utility Reform
17 Network.

18 This was, obviously, one of the most
19 challenging issues to resolve between TURN and
20 the POUs in our negotiations that led to the
21 joint stakeholder proposal. TURN has indicated
22 in a variety of comments, oral and written, that
23 there is a need for long-term contracts to
24 contain reasonably consistent quantities
25 throughout the duration in the absence of a

1 legitimate justification for an alternative
2 structure. And this -- these -- this really
3 represents a safeguard against sham contracts
4 that are intended to meet the ten-year
5 requirement in name only without actually
6 substantively looking and feeling like a real
7 legitimate long-term contract.

8 And we recognize, though, the need to
9 balance the importance of maintaining generally
10 consistent quantities with real-world
11 considerations that face publicly owned utilities
12 and their contracting activities.

13 Let me say, for starters, the proposed
14 differential treatment for PCC 3 contracts is not
15 something that was entertained by TURN and the
16 POUs in our conversations over the joint
17 stakeholder proposal. And TURN doesn't support
18 having a different standard apply to PCC 3
19 contracts. We don't believe there's any basis
20 for that.

21 With respect to options A and B, although
22 TURN could support either approach, the joint
23 stakeholder proposal recommends option A and does
24 not include a precise percentage. We prefer
25 applying the same quantity requirements to all

1 publicly owned utilities but we recognize the
2 burden and challenges that are faced by small
3 POU's. And so we think it's a legitimate way to
4 distinguish smaller POU's based on whether they
5 file IRPs. And if the Commission finds that it
6 can make this distinction, we would support
7 option A.

8 With respect to Pasadena's concern that
9 increasing quantities in a contract should not be
10 subject to the consistent quantities requirement,
11 well, there is a specific provision, I believe,
12 in the Staff language that would cover that
13 situation.

14 And then, finally, the list of
15 justifications that were provided in the joint
16 stakeholder proposal constitute the specific
17 issues that were identified in the course of
18 negotiations between TURN and the POU's. And it
19 includes a catchall provision to allow contracts
20 that fall outside the enumerated list of
21 justifications to qualify in the event that
22 there's a demonstration that the contract
23 supports the financing of a new resource or is
24 consistent with the intent of a long-term
25 procurement requirement.

1 And I agree with Justin, who said the CEC
2 should clarify that the draft language states
3 that a demonstration of any of the enumerated
4 justifications are sufficient to satisfy the
5 purpose of the long-term contract requirement. I
6 think that small adjustment would address the
7 intent that is found in the joint stakeholder
8 proposal.

9 Thank you.

10 MS. BARKALOW: Thank you, Matt.

11 Okay, next we have James, so you may
12 begin speaking but say your name because I can't
13 read it on the --

14 MR. TAKEHARA: Yeah. I'm sorry. When I
15 entered my name, I put James, Shasta Lake, so,
16 yeah, I see your problem, the challenge. My name
17 is James Takehara with City of Shasta Lake. I
18 appreciate everybody's comments so far.

19 We are one of the type of utilities that
20 were mentioned. We're a pretty darn small
21 community up here, population 10,000. And to
22 just give you a little flavor for what the
23 community looks like here, we -- to compare our
24 census data, compare it to the statewide
25 averages, we have a higher degree of poverty,

1 lower income, both household and per capita.
2 And, you know, population-wise, we have more
3 people who typically aren't part of the
4 workforce. They're either under the age of 18 or
5 over the age of 65, so people come here to
6 retire, predominantly.

7 So we run into some challenges with this
8 type of mandate. And that's -- so I appreciate
9 the consideration you're giving toward option A.
10 It's something that we would be interested in
11 seeing moving forward, and not only for the
12 potential impact to the community that being
13 over-leveraged would create.

14 If one of my large customers were to
15 leave, but we have an interesting resource, or
16 it's our load diversity problem, rather, where
17 nine out of ten of my electric customers, that's
18 counting meters, are residential, but we have a
19 very small number of customers you can count on
20 one hand who represent a super majority of my
21 retail sales. So if any one of those were to
22 leave, I would have these long-term commitments
23 to buy a product that I would no longer be
24 needing. And these ratepayers would end up
25 having to pay a larger portion of share. And

1 that's something that we're very cognizant of and
2 try to protect against under the guidance of my
3 governing board when we develop our procurement
4 strategies.

5 So the fact that you're considering
6 option A and using an IRP threshold, we support
7 that, appreciate everybody's concerns in that, in
8 supporting that as well. So I think that's the
9 only comments I would like to offer you at this
10 time, so -- oh, and I guess one more thing.

11 You're right. The question I asked
12 before, this set or portion of the slides answers
13 that. I was a little confused of whether we're
14 talking annual versus compliance period. But
15 just so you know, when we do our procurement here
16 we do like to bring in renewable energy that we
17 need in the year that we need it so that the cost
18 is allocated back to the customers who are
19 creating that need. We don't -- we try not to do
20 monthly procurement. So we do follow a matching
21 principle but I was just trying to understand
22 what the CEC's regulation proposal would be
23 looking at, so just a point of clarification
24 there.

25 Thank you.

1 MS. BARKALOW: Thank you.

2 MS. DE JONG: Hello. This is Elisabeth
3 from the Renewable Energy Division. We received
4 a question in the chat submitted from Abraham
5 Alemu, A-L-E-M-U, from the City of Vernon. And
6 the question is: What is the reason for the
7 variations requirement under the reasonably
8 consistent requirement?

9 MS. LARSON: I think, if I'm
10 understanding the question correctly, I can
11 respond.

12 So the reason we proposed establishing a
13 measure of reasonably consistent variation is to
14 ensure that contracts that are counted for
15 compliance with the long-term procurement
16 requirement are structured in a way that the
17 procurement commitment is -- lasts over all the
18 years of the contract, but also recognizes there
19 may be circumstances in which the quantities may
20 vary year to year and that, you know, could be
21 quite significant, which is why we've provided a
22 number of possible scenarios in which greater
23 variation could still be counted for compliance
24 with the LTR.

25 But, essentially, the core reason is to

1 ensure that the contract is structured to procure
2 meaningful amounts over the entire term, not just
3 in a year or two.

4 MS. BARKALOW: Okay. The next hand
5 raised that we have is phone number ending in
6 385. I believe that's Mr. Uhler.

7 You should be able to speak. Are you --
8 you should be able to speak.

9 MR. UHLER: Am I on? Yeah.

10 MS. BARKALOW: Yes.

11 MR. UHLER: Can you hear me?

12 MS. BARKALOW: Yes.

13 MR. UHLER: Okay.

14 MS. BARKALOW: I can hear you.

15 MR. UHLER: Any variations that -- where
16 a POU's customer is purchasing the attributes
17 through the reserve subaccounts under WREGIS, or
18 any contracts for that, should have no impact on
19 the validity of anything that comes out of that
20 contract. In other words, if the POU gets their
21 folks hip to how to use more renewables, and they
22 want to port it over to reserve subaccount and
23 then port some of them, which would then appear
24 to be a reduction of what they got for compliance
25 with RPS, that shouldn't matter. That shouldn't

1 matter. This should encourage more POUs to sell
2 renewables and use the reserve subaccount for
3 those people to wholly claim the environmental
4 attributes.

5 Also, in a situation, if they take that
6 kind of a risk that their customers are going to
7 go in that direction, those are contracts the
8 customers have for electricity. And if those
9 customers decide to go elsewhere, they shouldn't
10 be penalized because they've lost -- they've been
11 stranded, as some of these folks might say, and
12 their customers are not going to buy out of that
13 account anymore.

14 So once again, this is -- I'm talking in
15 terms of a ratepayer, which I don't hear so much
16 going on. I hear a lot of talk about POUs which
17 are owned by the ratepayers. But I'm talking in
18 terms of a ratepayer being able to claim, wholly
19 claim, credits and nothing standing in their way.
20 And long-term contracts that actually go to that,
21 there needs to be a provision for the reserve
22 subaccount. I want to see some language on that
23 and how that would be used in any case on how
24 the -- as far as how the Energy Commission
25 assures the tracking for credits outside of

1 WREGIS.

2 So thank you.

3 MS. BARKALOW: Thank you.

4 All right, that is the end for this
5 session.

6 Greg, would you please forward the slide?

7 MS. LARSON: Okay, so for contracts and
8 amendments executed after July 1st the next
9 criterion we proposed is that a long-term
10 contract must represent a commitment in which the
11 procurement obligation is expected for at least
12 ten continuous years of the contract term. Staff
13 has proposed regulatory language that limits
14 unilateral cost-free termination options that
15 would allow the buyer to walk away from the
16 contract early and may indicate that the
17 procurement duration in the contract is optional
18 rather than committed.

19 However, this proposal is not intended to
20 limit termination due to nonperformance, force
21 majeure, or mutual agreement, nor is it Staff's
22 intent to question early termination provisions
23 that may be necessary and reasonable based on
24 specific circumstances. Rather, Staff's intent
25 here is to ensure that a long-term contract

1 represents a commitment rather than a series of
2 options.

3 So Staff's proposed regulatory language
4 that identifies examples of termination
5 provisions for which Staff is aware, that would
6 be not considered as jeopardizing the contract
7 commitment. Staff has also proposed regulatory
8 language that would allow a POU to show that a
9 contract with early termination provisions still
10 provides a procurement commitment consistent with
11 the purposes of the LTR.

12 Next slide please.

13 So we'll now pause for comments specific
14 to the proposed requirements for limiting early
15 termination. This slide includes a question that
16 was posed in the workshop guide which is why are
17 the proposed requirements reasonable considering
18 the established contract provisions?

19 And I'll turn it back to Gina for
20 comments.

21 MS. BARKALOW: Okay. Great.

22 Justin, you may go ahead.

23 MR. WYNNE: Thank you. Justin Wynne for
24 CMUA.

25 So we'll just note that the language in

1 this proposal does differ from what we had
2 developed for the joint stakeholder proposal.
3 However, based off of our review and the list of
4 provisions that would justify these types of
5 termination clauses, we don't have any
6 significant concerns.

7 I think one issue that we just want to
8 make sure is addressed is that there are a wide
9 variety of termination clauses and we just don't
10 want there to be any unintended consequences.
11 And so I think it's important that we review this
12 carefully, so I think we will take another look.
13 And if we have any other modifications that need
14 to be made, we'd put those into comments that
15 would be filed by November 13th.

16 Thank you.

17 MS. BARKALOW: Great. Thank you.

18 Matthew Freedman?

19 MR. FREEDMAN: Hi. Matt Freedman on
20 behalf of The Utility Reform Network.

21 We appreciate the development of this
22 proposal. And I agree with Justin, it's not
23 identical to what the joint stakeholders proposed
24 but it is consistent. And we'll be looking at it
25 to see if we have any particular concerns.

1 But I think what I want to say today is
2 it's really important to ensure that any contract
3 classified as long-term doesn't include early
4 termination provisions that render meaningless
5 the notion of an actual long-term commitment. So
6 the goal of this provision is to prevent a
7 loophole from opening up that would allow an
8 entity to enter into a so-called long-term
9 contract that actually could be easily canceled
10 in year one, two or three for no particular
11 reason, and there's no particular obligation by
12 the buyer or seller to do anything. And it looks
13 and feels and walks, essentially, like a short-
14 term contract.

15 We think the proposed language provides
16 reasonable guardrails that should protect against
17 abuse of early termination clauses to -- that
18 would otherwise evade the purpose and intent of
19 the long-term contract requirement. But it also
20 allows reasonable termination provisions that,
21 based on our conversations, we believe are used
22 by POUs in legitimate contracts that are seen in
23 the real world.

24 So we appreciate the attempt to balance
25 out these considerations and think that this,

1 generally, hits the mark.

2 Thanks.

3 MS. BARKALOW: Thank you.

4 Okay, Mr. Uhler, you should be able to
5 speak.

6 MR. UHLER: Steve Uhler again. Am I un-
7 muted? Can you hear me?

8 MS. BARKALOW: Yes, we can hear you.

9 MR. UHLER: Early termination -- once
10 again, I'm going to hang around this whole -- the
11 whole use of the reserve subaccount -- any
12 contracts that have -- that need to come up with
13 a percentage of renewable energy credits that
14 will be placed in the reserve subaccount. And
15 before any early termination the POU has got to
16 show that they tried to get their customers to
17 purchase those environmental attributes outside
18 of WREGIS.

19 Thank you.

20 MS. BARKALOW: Thank you.

21 Okay, that's all that we have for this
22 section.

23 Greg, would you please advance the slide?

24 MS. LARSON: So the last additional
25 criterion that Staff has identified for a long-

1 term contract is that the contract must include
2 sufficient minimum quantity or pricing terms such
3 that both parties have an obligation to perform
4 for the continuous term, and it is not the
5 express intent of the contract for the parties to
6 negotiate prices or quantities within the
7 continuous ten-year term.

8 Staff has proposed regulatory language
9 clarifying that a contract lacking such minimum
10 quantity or pricing terms would not be classified
11 as long-term. Staff proposed this language based
12 on some stakeholder concerns that, absent
13 requiring defining pricing and quantity terms,
14 long-term contracts could include sham agreements
15 that don't represent a real enforceable
16 obligation for at least ten years. However, the
17 language Staff proposes also seeks to recognize
18 other stakeholder concerns that the structure, in
19 terms of pricing provisions, may vary based on
20 the individual contracts, and that non-standard
21 provisions may still represent a commitment to
22 procure over the term of the contract.

23 Next slide please.

24 So we'll pause again for comments
25 specific to this topic. The slide includes a

1 question that was posed in the workshop guide
2 which asks if the proposed requirements are
3 sufficient to address a potential scenario where
4 a contract shall represent an enforceable
5 procurement obligation for at least ten
6 continuous years?

7 And, again, I'll turn to Gina.

8 MS. BARKALOW: Okay. Great.

9 And I will turn it over to Justin.

10 MR. WYNNE: Thank you. Justin Wynne --

11 MS. BARKALOW: You may go.

12 MR. WYNNE: -- for CMUA.

13 So, again, this is another area where the
14 proposed language differs from what we'd included
15 in the joint stakeholder proposal. But we
16 reviewed it, I know we provided input, and I
17 think that this is something we find acceptable.

18 I guess the one issue that we've
19 identified is with the use of the word "or"
20 because, as that's structured, I think it can be
21 read so that either the first clause, or if
22 there's a contract where just only on that basis
23 it doesn't have a megawatt hour procurement
24 requirement in any individual year, then it would
25 violate the pricing term provision.

1 And so what we -- what I'd mentioned
2 earlier in the workshop was that we think that a
3 zero year should be dealt with under the
4 substantial deviation provision. And so if there
5 is a zero year but you do have one of the
6 justifications for it, then it should be
7 allowable, and that there shouldn't be this
8 separate provision under the pricing provision
9 that would prohibit that.

10 So consistent with what we'd mentioned
11 earlier on that there should be no prohibition on
12 a zero year as long as you can meet one of the
13 justifications, then there shouldn't be this
14 separate requirement here. And I think that if
15 we switched the or to an and it would address
16 that.

17 Thank you.

18 MS. BARKALOW: Thank you.

19 Okay, Matt Freedman?

20 MR. FREEDMAN: Thank you. Matt Freedman
21 on behalf of The Utility Reform Network.

22 We support the inclusion of this
23 provision in the regulations. TURN has
24 repeatedly expressed concerns about a long-term
25 contract claimed by a party that really

1 represents nothing more than an agreement to
2 negotiate for purchases in future years. If it's
3 just a shell of an agreement that has no defined
4 quantities, no defined pricing, maybe just a
5 master agreement to buy anything that shows up on
6 a short-term basis throughout the duration of a
7 ten-year period, that that really doesn't meet
8 the intent or purpose of the long-term contract
9 requirement.

10 And so we believe that in tandem with the
11 other provisions included in the draft
12 regulations that this element is really important
13 and it makes sense. It is a little bit slightly
14 different from what we had proposed in the joint
15 stakeholder proposal but we think that it is
16 appropriate, subject to the concern that Justin
17 raised about the zero-year exemption under very
18 specific limited circumstances. We wouldn't want
19 to get a contract tripped up over the fact that
20 there is a unique circumstance that includes a
21 zero-quantity year. But we also don't want that
22 unique circumstance to become sort of an escape
23 hatch for contracts that are problematic. So an
24 entity that wants to demonstrate a zero year as
25 reasonable has to -- should be able to make that

1 showing as part of its demonstration to the
2 Commission.

3 So we think that the proposed language
4 does provide reasonable guardrails that should
5 ensure that contracts represent an enforceable
6 procurement obligation on the buyer. That's
7 really the key thing.

8 Thank you.

9 MS. BARKALOW: Thank you.

10 Okay, next we have Mr. Uhler. You should
11 be able to speak.

12 MR. UHLER: Yes. Once again, any
13 credits, renewable energy credits or electricity
14 consumed, that the credits end up in the WREGIS
15 subaccount, reserve subaccount. There should be
16 some sort of terms as far as pricing and quantity
17 adjustments to the contract to feed that, once
18 again, to encourage POUs to get their customers
19 to pony up for renewable energy and at least keep
20 that contract alive by actually conveying
21 electricity to the customer.

22 So, once again, this is the reserve
23 subaccount under WREGIS. You'll find its terms
24 of use under the Operating Rule, WREGIS Operating
25 Rules.

1 Thank you.

2 MS. BARKALOW: Thank you. All right,
3 that is all that we have for this section.

4 Greg, you may advance the slide.

5 MS. LARSON: Okay, so now we're going to
6 shift gears a little bit.

7 So Staff is proposing updates to annual
8 reporting requirements in conjunction with the
9 updated requirements for long-term contracts. In
10 addition to reporting in the second 15-day
11 language, Staff proposes requiring POUs to report
12 on variation and procurement quantities,
13 termination provisions, and minimum quantity or
14 pricing terms for contracts executed in the prior
15 year and claimed as long-term. This reporting
16 would also include a copy of the contract
17 documents, the location of the relevant
18 contract's provisions and, as needed,
19 explanations of these provisions to show
20 compliance with the requirements.

21 The requirements would apply to both POU
22 contracts, and POUs would also report on their --
23 on underlying contracts with the RPS facilities.
24 However, Staff proposes allowing POUs to attest
25 to contract provisions of the underlying

1 contracts if the POU has sufficient records to
2 support the attestation and will make these
3 records available to the CEC upon request. Staff
4 also has proposed, as in the express terms, that
5 a third party may submit information directly to
6 the CEC on the POU's behalf.

7 The contracts that are reported to the
8 CEC or that have been reported to the CEC in
9 prior annual reports, Staff proposes requiring
10 each POU's annual report that's submitted next
11 July to identify the long-term and short-term
12 classifications of any contracts in which the POU
13 intends to retire and apply procurement in
14 compliance period four. It's later than the
15 original proposed date of April 1st that was in
16 the second 15-day language but aligned now with
17 the annual report process.

18 For any POUs that elect for a voluntary
19 early compliance with the LTR the annual report
20 would also need to identify the long-term and
21 short-term classifications of contracts used for
22 compliance period three. And Staff will verify
23 these contract classifications as part of its
24 verification activities for compliance period
25 three.

1 Next slide please.

2 So consistent with current contract
3 verification practice, Staff anticipates
4 reviewing the contracts that a POU reports as
5 long-term, along with any additional information
6 submitted by the POU to verify the
7 classification. Staff may request additional
8 information, if it's needed, to verify the
9 classification. And upon completion of contract
10 verification, Staff anticipates notifying POUs
11 through the RPS online system, similar to current
12 practice.

13 In response to stakeholder comments,
14 Staff proposes updated regulatory language that
15 outlines the process and expected timeframes for
16 Staff review. Following the submittal of annual
17 reports which, again, would include reporting on
18 contracts executed during a reporting year, Staff
19 will verify the classification of each contract
20 claimed as long-term. To the extent possible,
21 Staff will complete all reviews of long-term
22 contract classifications and notify POUs of the
23 determination within one year of submittal of a
24 complete and accurate annual report.

25 If the POU disagrees with Staff's

1 verification of the contract classification as
2 long-term or short-term, the POU may appeal
3 Staff's determination to the Executive Director.
4 This appeals process is specific to verification
5 of the contract as long-term or short-term and
6 doesn't extend the PCC classification of the
7 contract. This appeals process is proposed
8 because of stakeholder concerns regarding
9 possible uncertainty in long-term contract
10 requirements which hasn't been the case for PCC
11 requirements.

12 Next slide please.

13 So also in response to stakeholder
14 requests, Staff has proposed a process for POUs
15 to request advance review of a long-term
16 contract. This would be available only for
17 contracts executed after July 1st or proposed
18 contracts that have been fully negotiated by the
19 parties but perhaps not formally executed by the
20 POU. And in both cases this process could only
21 be available if additional information is needed
22 to establish if the contract or proposed contract
23 meets the long-term contract requirements.

24 Staff anticipates the advance review
25 process would only be needed for those contracts

1 that are unable to demonstrate compliance without
2 additional information and the limited use of the
3 provision is necessary to mitigate impacts to CEC
4 resources.

5 Under the proposed process a POU may
6 submit a request to the Executive Director for
7 advance review of a long-term contract. The
8 request may -- excuse me, must include a complete
9 copy of the contract, any relevant upstream
10 contracts or attestations regarding those
11 contracts, and a description of how the contract
12 meets all of the long-term contract requirements,
13 including page numbers in the contract where the
14 criteria are met. The Executive Director may
15 make available a form to facilitate the advance
16 review request.

17 To the extent possible the Executive
18 Director would issue a determination within 180
19 days of the complete request. But failure to
20 issue a determination in that time wouldn't be a
21 determination on the contract. The Executive
22 Director or Staff, as delegated, may request
23 additional information, as needed, to complete
24 the review. And, again, if the POU disagrees with
25 the Executive Director's determination the POU

1 may file a petition for reconsideration.

2 Following the Executive Director's
3 determination and the resolution of any appeal,
4 Staff will review the classification only if the
5 contract terms were amended or modified, or if it
6 became known that the information submitted in
7 the advance review was incorrect or
8 misrepresented. However, as part of compliance
9 period verification activities, Staff still would
10 be reviewing procurement claims under the long-
11 term contract.

12 Next slide please.

13 Okay, so now we will pause for comments
14 on the proposed reporting and review processes.

15 And I will turn it back to Gina.

16 MS. DE JONG: Elisabeth here. I'll go
17 ahead and step in.

18 Justin Wynne, if you want to go ahead and
19 speak, you're ready to go.

20 MR. WYNNE: Thank you. Justin Wynne for
21 CMUA.

22 So first, I just wanted to say, thank
23 you, Katharine, for including this provision, and
24 specifically for putting in this proposal about
25 voluntary early review. That's something that I

1 think it would be very beneficial.

2 And we are very mindful of the
3 Commission's resources and don't want this to be
4 unduly burdensome. And I think the one
5 concern -- one of the concerns that we have with
6 the proposal as it's structured is with the 180-
7 day time frame. And if a POU wanted to build
8 this into their contracting process such that
9 they would have a finalized contract and then
10 seek to have this reviewed before it would be
11 executed by their governing board, the 180 days
12 makes this very challenging.

13 And so one of the thoughts we have is, is
14 there another way we can modify this so that it
15 prevents it being unduly burdensome to the
16 Commission staff but it could be a shorter time
17 frame, maybe something closer to a month or in
18 that window? And could we do something like
19 increase the requirements on the POU submitting
20 this as far as the documentation that they would
21 have to provide? I know there's already a
22 provision about a standardized form and maybe we
23 could make adjustments to that? Or if there's
24 other ways to limit who this would be available
25 to, if we could do that and then lower the time

1 frame, I think it could be a lot more beneficial.

2 I think that some other POUs will speak
3 on this but I just wanted to have that as the
4 opening comment on this.

5 Thank you.

6 MS. BARKALOW: Thank you, Justin. Sorry
7 about that. I was on mute.

8 Mandip Samra, you may speak.

9 MS. SAMRA: I echo Justin's comments.
10 Thank you so much for providing this as an option
11 for POUs, really do appreciate it. I know PWP,
12 Pasadena Water and Power, definitely was putting
13 that in our comments.

14 But I do have one request, if it's
15 possible? For POUs that are currently executing
16 contracts or negotiating contracts or, let me
17 rephrase, about to execute contracts that, you
18 know, may have not a zero megawatts and there
19 just may be some issues there, for clarification,
20 is it possible for the CEC to maybe discuss
21 what -- you know, the POUs, some of these issues
22 that they have are early on before they sign the
23 contract.

24 PWP would be very interested to meet to
25 discuss at least one specific contract that we

1 have. We will be happy to send it to you but we
2 really do appreciate you doing this. And we're
3 hoping that we can have a dialogue before we sign
4 it.

5 Thank you so much.

6 MS. BARKALOW: Okay. Thank you.

7 Basil Wong, you may speak.

8 MR. WONG: Hi. This is Basil Wong, W-O-
9 N-G. I'm with Santa Clara, City of Santa Clara,
10 Silicon Valley Power. Thank you for including
11 this provision and considering this provision.

12 For us, you know, we enter into -- we
13 have a medium utility and we enter into many
14 long-term contracts. And given the complexities
15 of the rules around the contract, we don't want
16 to take the risk that we enter into a contract
17 that would otherwise not count. That has a lot
18 of costly ratepayer impacts. And waiting, you
19 know, for an annual review, or even waiting 180
20 days, to find out that a contract be executed is
21 not valid or that it is not going to count is --
22 causes a lot of heartburn.

23 To Justin's point, we would support a
24 lower review period, maybe something in the order
25 of 60 days, 45 to 60 days, to be consistent with

1 a timeline in which the city -- where staff takes
2 the contract to the city council for approval.
3 Our long-term contracts, because of their size
4 and their dollar amounts, are typically
5 approved -- have to be approved by a governing
6 board or body. And so aligning the approval
7 process, the CEC approval process or
8 determination with the governing board process,
9 would be very difficult. And, especially, it
10 would give our council and governing body a
11 little bit more assurance that the contract
12 they're about to approve and authorize is going
13 to be useful and will not cause any ratepayer
14 impacts in the future.

15 Thank you.

16 MS. BARKALOW: Thank you.

17 Next we have David Siao.

18 MR. SIAO: Great. Thank you, Gina.

19 Again, this is David Siao at Roseville Electric.

20 I want to say what my colleagues at Santa
21 Clara and Pasadena said in terms of, you know,
22 making sure this voluntary review process is
23 something that's both timely and conducive to
24 getting renewable resources in the ground but I
25 would like to focus on a question I had about how

1 excess procurement from compliance period three
2 might be treated.

3 As stated in Roseville's June comments,
4 even though the long-term procurement requirement
5 starts in 2021 for prior executed contracts, it
6 would seem that requiring counterparties to also
7 meet even some of the long-term procurement
8 requirements, you know, that ten continuous
9 years, would require detailed tracking of excess
10 procurement from compliance period three. In
11 other words, I'm thinking that there will be some
12 contracts that are producing excess reqs that
13 are -- may or may not be long-term procurement
14 requirement eligible.

15 So I guess what I'm asking is maybe if
16 the Commission could clarify what the treatment
17 of the excess procurement from compliance period
18 three would be and if the Commission might
19 consider working with the POUs to make sure we
20 can identify which reqs are retired for
21 compliance period three versus which ones are
22 carried over for future compliance periods?

23 Thank you.

24 MS. BARKALOW: Thank you.

25 Okay, next we have Matt Freedman.

1 MS. LARSON: Sorry, if you don't mind,
2 Gina --

3 MS. BARKALOW: I'm sorry.

4 MS. LARSON: -- I might be able to
5 clarify that, just -- or, perhaps, clarify the
6 question.

7 David, I think you're asking about excess
8 procurement, not -- in compliance period three,
9 not for POU's that are opting for voluntary
10 compliance but for POU's that are expecting to
11 begin complying with the long-term procurement
12 requirement in compliance period four. And so
13 the excess procurement rules that are in effect
14 now would remain in effect for compliance period
15 three.

16 In our proposed express terms the excess
17 procurement that was banked by a POU prior to a
18 POU becoming subject to the long-term procurement
19 requirement, that would count -- would continue
20 to count as long-term in future compliance
21 periods.

22 So I think that might have been your
23 question. But the other aspect is we would
24 expect POU's to identify what procurement in
25 compliance period three they wanted to claim as

1 excess versus to assign for -- toward compliance
2 with the compliance period three requirements.
3 And that was some of the motivation for the
4 changes we made to compliance reporting in 3207.

5 MR. SIAO: Yes. Thank you. I think you
6 understood my question correctly and I appreciate
7 that answer you provided. I think that makes
8 things a lot simpler and less burdensome for
9 everyone involved.

10 MS. BARKALOW: Great. Thank you.

11 Okay, Matt Freedman, you're next.

12 MR. FREEDMAN: Thank you. This is Matt
13 Freedman on behalf of The Utility Reform Network.

14 And we appreciate the inclusion of a
15 process for voluntary advance review. This is
16 something that TURN had proposed in written
17 comments earlier in the proceeding to ensure that
18 any ambiguities regarding long-term contract
19 eligibility could be addressed up front rather
20 than after the fact. We thought this would
21 provide the kind of clarity to POUs that they
22 would need to be able to move forward,
23 particularly with contract structures that were
24 slightly out of the ordinary.

25 And as part of that the joint stakeholder

1 proposal suggested a 60-day timeline for
2 turnaround by the Commission. And the purpose
3 was to provide an expedited process that would
4 allow timely determinations, especially for POUs
5 that are on the threshold of executing a long-
6 term contract. And due to commercial realities,
7 we think the review process has to be timely and
8 it has to be expeditious.

9 In that vein, 180 days for this process
10 is just too long. There's got to be a shorter
11 timeline, especially for contracts that don't
12 require enhanced scrutiny by Commission Staff.
13 If a contract is not particularly unique, if it
14 doesn't differ significantly from non-
15 grandfathered contracts that previously received
16 a long-term contract designation, it shouldn't
17 require 180 days or more to make an advance
18 voluntary determination.

19 So we recognize the limitations on Staff
20 resources and very much respect all of the hard
21 work that the Commission Staff puts in, but we
22 think there has to be a more expedited process,
23 especially for contracts that don't require
24 enhanced scrutiny.

25 So to the extent that the Committee could

1 even segment contracts into kind of a streamlined
2 express category, and those that are going to
3 require additional review, and to have those
4 streamlined contract reviews occur much quicker,
5 we think that that would serve all of the
6 participants in this process well.

7 Thank you.

8 MS. BARKALOW: Thank you.

9 Okay, next on the phone, we have Randy
10 Howard.

11 MR. HOWARD: Yeah. Thank you. I just --
12 I'm going to echo some of Matt's comments.

13 This is a great provision but it's not
14 very useful. And so what we're most concerned
15 about is, you know, everybody's going to move to
16 more standardized-type contracts, not be
17 creative, not do what's necessarily best for
18 their consumers going forward because they're
19 going to -- they need that certainty; right? So
20 they're not going to be able to wait 180 days for
21 potential results on a pre-screen.

22 We need to figure out a way to get this
23 to a shorter duration because we recognize that,
24 to meet the numbers that we have to meet going
25 forward to get these projects built, we're going

1 to have to be a little more creative in some of
2 these contracts. And that might be a good cause
3 to bring them for the pre-screen but waiting 180
4 days isn't going to do that. What you're going
5 to do is get rid of the innovation that we need
6 going forward and you're going to go to just some
7 standard old ways of doing it that aren't going
8 to be as beneficial for our ratepayers, and
9 they're probably not going to provide the
10 benefits the grid needs as well.

11 And so those are key things that I think
12 need to be considered by the CEC. And, again, if
13 there are additional elements that would help in
14 getting that review done quicker and it's on our
15 end and our burden, I think that's probably okay,
16 but it has to be shorter periods.

17 MS. BARKALOW: Thank you.

18 All right, next we have Mr. Uhler. You
19 should be able to speak. You might need to hit
20 star six. You need to un-mute yourself, Mr.
21 Uhler.

22 MR. UHLER: Can you hear me?

23 MS. BARKALOW: There we go. Yeah.

24 MR. UHLER: Okay. Okay. Steve Uhler
25 here.

1 On reporting, the reporting should
2 include the amount of credits that went into the
3 reserve subaccount under WREGIS.

4 On the contract review, 180 days, I'm
5 thinking, you know, having worked in the
6 industry, if we don't have the contract reviewed
7 by the end of the week, we don't work there
8 anymore. You might want to talk to folks like
9 Michael Dell (phonetic), how he does it. You
10 need to be a lot more innovative. There's a lot
11 of software applications and such.

12 And I'm really concerned about if it's
13 going to inhibit innovative contracts that might
14 be blending the purchase of renewable energy and
15 renewable credits that will be used outside of
16 WREGIS through the -- for the reserve subaccount.

17 So you really need to think about
18 automating a number of these features as far as
19 reviewing the account or farming it out to
20 somebody who can turn it over in a week. There's
21 a lot of folks who could crowd source and turn
22 that over. But, yeah, 180 days, that's insane.
23 That's insane. I'm thinking if I'm going to
24 build a product and somebody comes to me and
25 says, here it is, and I tell them I can't tell

1 them for 180 days, I don't build them a product.

2 So you need to work on that heavily.

3 And, once again, there's plenty of
4 systems out there that would allow that reviewing
5 the contract in much less time.

6 Thanks.

7 MS. BARKALOW: Thank you.

8 Okay, that's it.

9 Greg, you may advance the slide.

10 MS. LARSON: Okay. Thanks Greg.

11 So there are a few additional areas
12 related to long-term contract requirements that
13 we are proposing to clarify in response to
14 stakeholder comments and we're seeking additional
15 input in these areas.

16 The first is additional quantities.
17 Staff proposed clarifying that procurement in
18 excess of the quantities that a POU is obligated
19 to procure under a long-term contract will be
20 classified as short-term. This clarification is
21 in response to concerns that under the current
22 express terms language procurement in excess of
23 estimated quantities or guaranteed quantities in
24 a long-term contract would be classified as
25 short-term, even if the POU is obligated under

1 the contract to procure it.

2 Next, Staff proposes clarifying that a
3 long-term contract includes a POU contract with a
4 third party to procure bundled electricity
5 products in which the PCC classification changes
6 over the ten-year term as long as the POU's
7 contract and underlying contracts meets all other
8 long-term contract requirements. Staff
9 considered this clarification reasonable because
10 it provides a similar treatment to resource
11 substitution to long-term contracts. But Staff
12 proposes limiting the changing PCC classification
13 to bundled products only as PCC 3 contracts are
14 subject to slightly different long-term contract
15 requirements and may serve a different function
16 with respect to the purposes of the LTR.

17 Staff also proposes clarifying that
18 renewals or extensions of contracts with the
19 Western Area Power Administration as part of the
20 Central Valley Project should be classified long-
21 term without regard to additional criteria for
22 long-term contracts.

23 In comments, stakeholders identified that
24 renewals or extensions of these federal contracts
25 include provisions allowing for early termination

1 or changes to quantities based on actions by WAPA
2 and FERC. Staff considered this clarification
3 reasonable because the POU's may not have control
4 over the inclusion of such provisions in federal
5 contracts and because the renewals and extensions
6 in question are 30-year contracts that Staff
7 understands to be consistent with the purposes of
8 the LTR.

9 Any new increases in the POU's allocation
10 share under these renewals or extensions would
11 still be subject to the express term provisions
12 regarding contract modifications that increase
13 quantity.

14 And, finally, Staff proposes clarifying
15 that replacement energy under a long-term
16 contract may be considered part of the long-term
17 contract when a facility did not perform as the
18 contract required. Based on stakeholder comments
19 that POU's may not have control over whether the
20 need for replacement energy arose due to
21 maintenance activities, curtailments or other
22 reasons, nor would the POU necessarily have
23 information on these decisions, Staff found it
24 reasonable to limit the use of replacement energy
25 to those scenarios in which the resource didn't

1 perform as required.

2 Next slide please.

3 We will now take comments on these
4 additional topics. The slide includes some
5 questions that were posed in the workshop guide
6 on this slide to encourage you to consider them
7 in your comments.

8 So the proposed clarification that
9 procurement additional to a POU's long-term
10 contract obligation will be classified as short-
11 term, is this clarification sufficient to address
12 all contracting scenarios and on what basis, if
13 any, should electricity products that are
14 optional to procure be considered part of the
15 long-term contract?

16 For long-term contracts in which the PCC
17 classification may change from one type of
18 bundled PCC to another are there any concerns
19 with this provision?

20 For the proposed recognition of renewals
21 and extensions of WAPA contracts of long-term, is
22 the proposed language sufficient, and are there
23 any concerns?

24 And for the proposed change to
25 requirements for replacement energy under a long-

1 term contract are there concerns with this
2 provision?

3 And I will turn it back to Gina.

4 MS. BARKALOW: Okay. Thank you.

5 Justin, you should be able to speak.

6 MR. WYNNE: Thank you. Justin Wynne for
7 CMUA. And I was just going to speak to the
8 additional quantity question.

9 And I think the POUs still have
10 significant concerns with this entire proposal.
11 I think there's a lot of contract structures that
12 provide opportunities for a POU to purchase
13 certain energy that may be optional, but that
14 would be a common contracting structure and
15 shouldn't be something that should be restricted.
16 And there might be examples, like if a generator
17 produces above a certain amount the POU could
18 have the option to either purchase it or refuse
19 it, and then the seller could, at that point,
20 remarket that excess energy out to another
21 purchaser.

22 And this is very important because,
23 especially, dealing with renewable resources
24 where there's variable amounts of generation year
25 to year, it makes it difficult for POUs to plan

1 for it. And provisions like this that don't
2 burden the POU with a huge obligation in a year
3 where, say, the generation was far in excess of
4 what the forecast was provides an option that
5 avoids excess costs falling to a POU that doesn't
6 need it.

7 And so the other issue is that it hasn't
8 been clear, as there's been different versions of
9 this language, what the harm is in either just
10 the excess generation as it was originally
11 proposed or with these optional procurement
12 provisions. It's not clear what we're trying to
13 avoid but there is potentially the downside in
14 that it would prohibit these types of contract
15 structures that could provide a planning and a
16 cost benefit to POUs.

17 Thank you.

18 MS. BARKALOW: Thank you.

19 Okay, next we have Mr. Charles Adams.

20 You should be able to speak. It looks
21 like you're muted. You'll need to un-mute
22 yourself. Charles Adams, are you able to speak?
23 It doesn't look like you're on the phone but, if
24 you are, that would be star six to un-mute.

25 Okay, so we'll go next to Scott, and we

1 can try with Charles Adams again later.

2 Scott, please go ahead.

3 MR. TOMASHEFSKY: Thank you, Gina. And I

4 just wanted to speak to --

5 MS. BARKALOW: Oops. Oh, oh, I'm sorry,

6 Scott. Hang on a second. I think I just -- hang

7 on one second. I'm sorry. Where are you?

8 MR. TOMASHEFSKY: How about that?

9 MS. BARKALOW: There we go. Okay.

10 Great. Thanks. Please go ahead.

11 MR. TOMASHEFSKY: Thank you. I thought I

12 clicked it but maybe I didn't. But, yeah, no.

13 I just wanted to speak to the Western

14 provision and just say that that language works

15 for us. I think as much time as we've spent

16 dealing with the large hydro provision early on

17 in the regulatory process, a lot of the language

18 that applies there fits really well into this

19 component. And it also recognizes the value of a

20 small portion of the Western resource that

21 actually is RPS eligible, so, you know, we're

22 really supportive of the way you've addressed

23 this, so thank you.

24 MS. BARKALOW: Thank you.

25 Okay, it looks like, Charles Adams, you

1 are un-muted. Are you able to speak?

2 Okay, we'll go to David.

3 David, you should be able to speak.

4 MR. SIAO: Hi Gina. Thanks again. David
5 Siao with Roseville Electric.

6 I just wanted to echo Scott's comments,
7 that we also support the WAPA provision which
8 seems reasonable and affects, you know, a unique
9 renewable resource within Roseville's portfolio.

10 I also, on another topic, wanted to seek
11 clarification, perhaps in the FSOR (phonetic), on
12 the difference between substitute versus
13 replacement energy. My understanding is
14 substitute energy is listed in a contract and
15 must meet LTR requirements, whereas replacement
16 energy is an otherwise non-LTR eligible resource
17 which is necessary in certain narrow
18 circumstances to maintain the integrity of a
19 contract.

20 So I think that is the CEC's
21 understanding, as well, but I would be greatly
22 appreciative if that's something we could confirm
23 in the FSOR.

24 Thank you.

25 MS. BARKALOW: Thank you.

1 Okay, next we'll go to Matt Freedman.

2 MR. FREEDMAN: Thanks.

3 MS. BARKALOW: You should be able to
4 speak.

5 MR. FREEDMAN: Yeah. Matt Freedman here
6 with TURN. Let me follow up on that last
7 comment.

8 I think the idea, our view on the
9 replacement energy issue, is that it should be
10 limited to a narrow set of circumstances. The
11 concept of a resource not performing shouldn't
12 become a proxy for the seller deciding to resell
13 the output from that resource to another buyer.
14 So there is a potential abuse of a replacement
15 energy provision if one resource is promised
16 under the contract but the seller just decides to
17 remarket it and then fills in with other
18 resources from an unrelated portfolio. That's
19 not the request that I'm hearing from the POUs.

20 Really, the idea here is that this
21 provision should be limited to situations where
22 nonperformance by the resource wasn't anticipated
23 and the output from that project identified in
24 the contract isn't resold to other buyers. That
25 would be a way to protect against the kind of

1 gaming or abuse that we might be worried about.

2 And then in terms of the issue of excess
3 procurement beyond the contract quantities being
4 classified as short-term, one way to, you know,
5 to deal with some of the concerns the POU's have
6 raised would be to limit additional procurement
7 from projects not included in the contract. So
8 the idea here is if the project produces a bit
9 more than was anticipated, and should the POU be
10 able to buy that excess output as part of their
11 long-term contract? Well, that makes sense.

12 But if the idea is I have a long-term
13 contract for output from a particular facility
14 and in year five suddenly the seller says, yeah,
15 I've got some unrelated resource that I can just
16 throw in for a year to give you a one-year boost,
17 should that also count as part of the long-term
18 contract? I don't think so. That ends up being
19 sort of an end run around the purpose of this
20 requirement.

21 So I think the goal here is to
22 distinguish between reasonable situations where
23 output increases from the defined facilities in
24 the contract, which should be acceptable from
25 situations where the seller decides to simply

1 throw in a bunch of additional RECs from other
2 resources based on a short-term desired need,
3 so -- and we'll identify that a little bit more
4 in our comments.

5 Thanks.

6 MS. BARKALOW: Thank you.

7 Okay, next we'll move to Mandip. You
8 should be able to speak.

9 MS. SAMRA: Thank you. I just wanted to
10 speak briefly on the excess procurement
11 limitation that you have in the rulemaking.

12 I think with Pasadena and some of the
13 other small POU's, we have a lot of uncertainty
14 about our retail load, especially with
15 transportation electrification. And we will be
16 requesting in comments, like we have in past
17 comments, that there should be a limited
18 allowance of excess generation use if you have it
19 in your long-term contract. And if, for example,
20 for -- you know, one year load goes up by a few
21 percentage points and you need renewable power
22 right there and then to fill it in, I think that
23 should be a reasonable request that we ask for,
24 but in limited circumstances.

25 So we will be submitting comments to that

1 effect but we really do appreciate you cleaning
2 up the language.

3 Thank you.

4 MS. BARKALOW: Thank you.

5 All right, we can try Mr. Charles Adams
6 one more time before we move to the calls on the
7 phone.

8 Charles, did you want to speak? You may
9 also send your questions through the chat if
10 you'd like? Okay.

11 Before we go to the phones, we have one
12 more on the Zoom chat.

13 Scott, you may go ahead. Do you need to
14 un-mute yourself?

15 MS. BARKALOW: Are you able to un-mute
16 yourself, Scott?

17 MR. HIRASHIMA: Yes. Hi. Can you hear
18 me?

19 MS. BARKALOW: Yes. Thank you.

20 MR. HIRASHIMA: Sorry about that. Scott
21 Hirashima, Los Angeles Department of Water and
22 Power. I just want to speak on the additional
23 energy provision.

24 So many of our contracts, we have
25 provisions for this additional or excess energy

1 with defined pricing terms sometimes being
2 optional. And as Justin mentioned, you know,
3 renewable resources are inherently variable. And
4 so you could potentially have a high wind year or
5 maybe even a heavy rain year. And by treating
6 this additional energy as short-term would
7 unnecessarily discourage this additional
8 renewable energy.

9 So, you know, we would like to see this
10 as this energy be treated as long-term, you know,
11 maybe, potentially, unless the contract expressly
12 defines they're not to exceed amount of that
13 generation.

14 Thank you.

15 MS. BARKALOW: Thank you.

16 Okay, we will move to Mr. Uhler.

17 Mr. Uhler, you can speak.

18 MR. UHLER: Hello. That's Steve Uhler.

19 There should be, really, no restriction
20 on additional quantities of energy from any
21 renewable source. I don't know if anybody follows
22 the curtailment charts. But if there's any
23 chance to use renewables, and a utility has the
24 capability to make space for it, they should be
25 able to take it in a long-term contract as a

1 long-term contract renewable energy credit for
2 RPS, meeting the RPS.

3 And, also, to enhance the flexibility of
4 the whole system, once again getting back to that
5 reserve subaccount, there should be consideration
6 that if in some years somebody has to use the
7 reserve subaccount to sell in order to get enough
8 funds to pay for the contract, they should be,
9 later on, they should be able to bank that if
10 there is any kind of restriction on additional
11 quantities so that they can say, well, I sold
12 those off to my customers, they paid for it. Now
13 I have the ability to use this on my own. I want
14 to use it for RPS.

15 So, yeah, you really need to look at the
16 situation as a variability and look at the chart
17 as far as where the renewables exist. Wind is
18 just all over the place. Solar can end up under
19 cloudy skies and fires, and stuff like that, and
20 you can't get it there. And then, suddenly, you
21 get it back. So, yeah, there should be no
22 restriction on additional quantities.

23 Thank you.

24 MS. BARKALOW: Thank you.

25 Okay, the next person we have is someone

1 on the phone with the phone number ending in 785.

2 You should be able to speak.

3 MR. ADAMS: Oh, yeah. Charles Adams,
4 Albion Power Company. Can you hear me?

5 MS. BARKALOW: Yes.

6 MR. ADAMS: One of the questions that we
7 had is, is there a mechanism that can be
8 considered where rooftop solar and distributed
9 resources can count toward the RPS of POUs under
10 the POU in which it resides? So these would be
11 non-leased systems, non third-party owned.

12 San Francisco has something similar to
13 this with its rebate program. Germany counts
14 their systems on rooftop towards their renewable
15 portfolio and so 80 percent of the systems are on
16 rooftops in Germany.

17 Utility-scale farms are really
18 destructive. We've built them. And from an
19 environmental perspective, we were a bit alarmed.
20 I think many people on this call would be alarmed
21 at what really is destroyed by some of the farms.

22 I would also say that a lot of the
23 contracts are loaded with accounting tricks and
24 tax benefits that don't go to Californians but
25 that go to entities that own very large

1 portfolios of fossil fuels and things like that,
2 so they're using the tax credits to offset those.
3 That doesn't seem to be in the spirit of what the
4 RPS was designed to do.

5 This is also detracting from a lot of the
6 POUs saying, we can't use the rooftop solar, so
7 they're trying to go away from that metering and
8 trying to go away from even having rooftop solar
9 at all. That doesn't seem to be in line with
10 many of the state's policies. And it's largely
11 because something's not being counted. Many
12 Californians believe that they're going towards
13 the 100 percent goals by putting rooftop solar on
14 their roof.

15 In terms of a cost perspective,
16 accounting for the rooftop solar allows the
17 wealthier or the community to subsidize POUs from
18 having to be in some of these contracts. And
19 they do certify the systems, not necessarily in
20 the way you guys look at it, but they do certify
21 them by interconnecting them and inspecting them.
22 So, certainly, the systems are real.

23 It would really be beneficial to look at
24 things a little differently because the farm --
25 building the farms and not going distributed is

1 not where we started 20 years ago. And some of
2 it's what entities benefit? Entrenched interests
3 tend to benefit by not doing local community.
4 It's a lot of detraction and an impediment to
5 local POU's going distributed and not destroying
6 the land.

7 Please consider this and it's much
8 appreciated.

9 Thank you.

10 MS. BARKALOW: Thank you.

11 Okay, that is the last hand raised.

12 Greg, you may advance the slide.

13 MS. LARSON: Okay, so that concludes our
14 discussion of the proposed long-term contract
15 topics.

16 As I mentioned before, the written
17 comments following the workshop are due on
18 November 13th. And we encourage you to use our
19 e-commenting system. You can find instructions
20 for submitting written comments in the workshop
21 notice. And, again, we strongly encourage you to
22 include suggested regulatory language where
23 changes are recommended.

24 Following the comment period and
25 consideration of the input we receive, Staff

1 plans to develop the third 15-day language to
2 post by the end of the month, and then to present
3 the final express terms to the Commission for
4 adoption at a December business meeting.

5 Next slide please.

6 The rulemaking documents can be obtained
7 online in the rulemaking docket link or on the
8 CEC's webpage for these rulemaking proceedings.

9 Next slide please.

10 So we will now open the floor for public
11 comment. Again, if you are unable to make your
12 public comment orally, you may type the comment
13 into the chat box and we can read it out loud.
14 And all comments will be limited to three
15 minutes.

16 I will now turn it back over to Gina for
17 any comments.

18 MS. BARKALOW: Okay. Sounds good. We
19 have Mr. Uhler.

20 You should be able to speak.

21 MR. UHLER: Hello. Steve Uhler here.

22 Concerned about disaggregated WREGIS
23 certificates. I find nothing in the guidelines or
24 in the regulations that talk about the use of the
25 reserve subaccount under WREGIS. The reserve

1 subaccount is for when credits or environmental
2 attributes are going to be used outside of the
3 WREGIS system. And there doesn't seem to be any
4 mechanism to ensure that those credits are not
5 being double counted once they get outside of the
6 WREGIS system. There seems to be no code or no
7 statements anywhere about reserve subaccounts.

8 The other area would be in -- you guys,
9 you need to define what a product is. Just
10 calling it -- just because electricity shows up
11 on a transmission line somewhere doesn't make it
12 a product. The courts have ruled on that. So
13 you need to show me what statute allows you to
14 use the term "product" related to anything in the
15 renewable enforcement standards?

16 Yeah, both -- the high side of the
17 transformer voltages are not marketable. The
18 public doesn't use any voltages like that.
19 There's other processes that have to be done.
20 And folks should be aware that an electron never
21 makes it from a generating plant to the consumer
22 in an AC powered system. It goes through a
23 number of transformers, unless there's a defect
24 in the transformer. That electron never leaves
25 that generating plant and such.

1 So you need to get a little closer to
2 some realities about when it is a product. And,
3 absolutely, you need to come up with something
4 that says you don't have to follow Fong versus
5 PG&E and Pierce and PG&E as far as what a product
6 is. Stop calling it a product just because
7 you've made a credit out of it. That just shows
8 somebody generated out of a generating plant.

9 Where am I on this? Yeah, 34 seconds.

10 Yeah, you need to really be clear on what
11 a product is. I think you're losing a lot of
12 customers for renewable energy because you're not
13 giving them confidence that they're actually
14 getting what they're paying for.

15 And the double counting, if somebody is
16 claiming -- is selling and contracting out and
17 selling the environmental attributes to a
18 customer and they have a receipt for it, you need
19 to make sure that there's no renewable energy
20 credit that's not in the reserve subaccount.

21 Thank you.

22 MS. BARKALOW: Thank you.

23 All right, next we have David.

24 MR. SIAO: Thanks. Thanks again, Gina.

25 David Siao with Roseville Electric.

1 I just wanted to make sure to thank all
2 of the CEC Staff and Commissioner Douglas for
3 being accessible throughout this entire process
4 and taking our input. I know it's been a long
5 and challenging process but I think we can all
6 see a light at the end of the tunnel.

7 So I just wanted to make two more
8 comments which I wasn't able to relate to the
9 topics earlier.

10 First of all, we support the definition
11 of continuous, including compliance period, which
12 I think allows us to preserve flexibility and
13 savings to our ratepayers.

14 Second, I would like to ask for a point
15 of clarification regarding a contract with a
16 resource owned by a counterparty. I'd like to
17 clarify how or if a change in the resource
18 ownership, or if the contract is sold to another
19 third party, if there would be any impact on the
20 LTR eligibility?

21 Thank you.

22 MS. BARKALOW: Thank you.

23 Unless Katharine has anything to add,
24 that's all that we have on the -- with hands
25 raised.

1 Okay, I think we can advance.

2 MS. LARSON: So that is the end of our
3 presentation. We really appreciate everyone's
4 time today.

5 And before we adjourn, I'd like to ask
6 Commissioner Douglas if there's anything she
7 would like to add?

8 COMMISSIONER DOUGLAS: Thank you,
9 Katharine.

10 I just wanted to state my appreciation
11 for everyone who's participated in this workshop.
12 And, particularly, I know the POUs and Matt
13 Freedman worked hard together getting us some
14 very substantive comments that were extremely
15 helpful and, as you saw, reflected significantly
16 in what we put out.

17 I want to, as Katharine said, encourage
18 everybody to please get us your comments on time,
19 get us your comments early if you can. Where you
20 have suggested changes to the language, please,
21 as much as possible, you know, give us line
22 edits, if you can, just so that we can move
23 forward in an expeditious way and so that we can
24 really clearly see what you mean.

25 But, again, thanks to everybody who's

1 participated. And I really look forward to
2 finalizing this package and bringing it forward
3 to the Energy Commission in December.

4 MS. LARSON: Great. Well, thank you all
5 so much.

6 (The workshop concluded at 3:18 p.m.)

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

CERTIFICATE OF REPORTER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of November, 2020.



MARTHA L. NELSON, CERT**367

CERTIFICATE OF TRANSCRIBER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



MARTHA L. NELSON, CERT**367

November 30, 2020